The Dow Chemical Company; Application for Blanket Authorization To Export Liquefied Natural Gas

AGENCY: Office of Fossil Energy, DOE.

ACTION: Notice of application.

SUMMARY: The Office of Fossil Energy (FE) of the Department of Energy (DOE) gives notice of receipt of an application (Application), filed on May 26, 2010, by The Dow Chemical Company (Dow), requesting blanket authorization to export liquefied natural gas (LNG) that previously had been imported into the United States from foreign sources in an amount up to the equivalent of 390 billion cubic feet (Bcf) of natural gas on a short-term or spot market basis. The LNG would be exported from existing facilities on Quintana Island, Texas, to any country with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by U.S. law or policy. Dow seeks to export the LNG over a two-year period commencing on the date of the authorization. The application was filed under section 3 of the Natural Gas Act (NGA), as amended by section 201 of the Energy Policy Act of 1992. Protests, motions to intervene, notices of intervention, and written comments are invited.

DATES: Protests, motions to intervene or notices of intervention, as applicable, requests for additional procedures, and written comments are to be filed at the address listed below in ADDRESSES no later than 4:30 p.m., e.t., August 2, 2010.


SUPPLEMENTARY INFORMATION:

Background

Dow is a Delaware corporation with its principal place of business in Midland, Michigan. Dow is an international chemical and plastics manufacturing company with operations in a number of U.S. states. Dow owns and operates a large petrochemical manufacturing facility in Freeport, Texas, which is in close proximity to the LNG import/export terminal owned and operated by Freeport LNG Development, L.P. (FLNG) on Quintana Island, Texas. Dow contracted terminal capacity from FLNG for a twenty-year period beginning in July 2008 in order to secure natural gas supplies for various operations at its Freeport petrochemical facility. Dow’s Freeport facility has the capability to receive regasified LNG from the FLNG terminal via several pipelines that extend directly to its petrochemical manufacturing plant.

On February 25, 2010, FE granted Dow blanket authorization to import and export natural gas from and to Canada and Mexico and to import LNG from various international sources for a two-year term beginning on June 1, 2010.1 Under the terms of the blanket authorization, the LNG may be imported to any LNG receiving facility in the United States or its territories.

Current Application

In the instant application, Dow is seeking blanket authorization to export from the FLNG terminal LNG that has been previously imported from foreign sources to any country with the capacity to import LNG via ocean-going carrier and with which trade is not prohibited by U.S. law over a two-year period, on a short-term or spot market basis, in an amount up to the equivalent of 390 Bcf of natural gas. Dow further requests that the authorization extend to LNG supplies imported from foreign sources to which Dow acquires title, as well as to LNG supplies imported from foreign sources that Dow may export on behalf of other entities who themselves hold title. Dow states that it does not seek authorization to export domestically-produced natural gas.

Public Interest Considerations

In support of its application, Dow states that pursuant to section 3 of the NGA, FE is required to authorize exports to a foreign country unless there is a finding that such exports “will not be consistent with the public interest.”2 Dow states that section 3 thus creates a statutory presumption in favor of a properly framed export application.3 Dow states further that the public interest determination is guided by DOE Delegation Order No. 0204–111, which provides that the domestic need for natural gas is the principal factor to be considered when evaluating an export application.4 As detailed in the application, Dow states the blanket export authorization requested by Dow satisfies the public interest standard for the following:

1 The Dow Chemical Company, DOE/FE Order No. 2754 issued February 25, 2010.
2 15 U.S.C. 717b.(a)
3 Phillips Alaska Natural Gas Corp. and Marathon Oil Co., DOE/FE Order No. 1473 (2 FE 970.317) at 13 (April 2, 2009), citing Panhandle Producers and Royalty Owners Association v. ERA, 822 F.2d 1105, 1111 (DC Cir. 1987).
4 Id at 14.
reasons. Dow states that the LNG that may be exported pursuant to the blanket authorization requested in the Application is not needed to meet domestic demand. Dow states that granting the requested export authorization will facilitate the importation of LNG into the United States. Dow also states that granting the requested export authorization will not reduce domestically-produced natural gas supplies. Finally, Dow states that granting the requested export authorization will have positive international effects. Further details can be found in the Application.

Environmental Impact

Dow states that its requested export authorization does not raise any environmental concerns. Dow states that FERC performed an environmental review under the National Environmental Policy Act (NEPA), with DOE acting as a cooperating agency, prior to granting FLNG the authority to modify its LNG terminal facilities to enable LNG exports as well as imports. Dow states that DOE/FE relied on such NEPA review and found it to be sufficient in the granting of FLNG’s application for blanket authority to export previously imported LNG as well as the granting of authority to ConocoPhillips Company to export previously imported LNG from the FLNG terminal. Dow asserts that consequently, the same conclusion is applicable to this Application insofar as the blanket authorization requested by Dow is substantially identical to the blanket authorization granted to FLNG and ConocoPhillips Company.

DOE/FE Evaluation

This export application will be reviewed pursuant to section 3 of the NGA, as amended, and the authority contained in DOE Delegation Order No. 00–002.001 (Nov. 10, 2009) and DOE Redelegation Order No. 00–002.04D (Nov. 6, 2007). In reviewing this LNG export application, DOE will consider domestic need for the gas, as well as any other issues determined to be appropriate, including whether the arrangement is consistent with DOE’s policy of promoting competition in the marketplace by allowing commercial parties to freely negotiate their own trade arrangements. Parties that may oppose this application should comment in their responses on these issues.

The National Environmental Policy Act (NEPA), 42 U.S.C. 4321 et seq., requires DOE to give appropriate consideration to the environmental effects of its proposed decisions. No final decision will be issued in this proceeding until DOE has met its NEPA responsibilities.

Public Comment Procedures

In response to this notice, any person may file a protest, motion to intervene, or notice of intervention and written comments, as provided in DOE’s regulations at 10 CFR 590.301, et seq. Any person wishing to become a party to the proceeding and to have their written comments considered as a basis for any decision on the application must file a motion to intervene or notice of intervention, as applicable. The filing of a protest with respect to the application will not serve to make the protestant a party to the proceeding, although protests and comments received from persons who are not parties will be considered in determining the appropriate action to be taken on the application. All protests, motions to intervene, notices of intervention, and written comments must meet the requirements specified by the regulations in 10 CFR part 590. Protests, motions to intervene, notices of intervention, requests for additional procedures, and written comments shall be filed with the Office of Oil and Gas Global Security and Supply at the address listed above.

A decisional record on the application will be developed through responses to this notice by parties, including the parties’ written comments and replies thereto. Additional procedures will be used as necessary to achieve a complete understanding of the facts and issues. A party seeking intervention may request that additional procedures be provided, such as additional written comments, an oral presentation, a conference, or trial-type hearing. Any request to file additional written comments should explain why they are necessary. Any request for an oral presentation should identify the substantial question of fact, law, or policy at issue, show that it is material and relevant to a decision in the proceeding, and demonstrate why an oral presentation is needed. Any request for a conference should demonstrate why the conference would materially advance the proceeding. Any request for a trial-type hearing must show that there are factual issues genuinely in dispute that are relevant and material to a decision and that a trial-type hearing is necessary for a full and true disclosure of the facts.

If an additional procedure is scheduled, notice will be provided to all parties. If no party requests additional procedures, a final Opinion and Order may be issued based on the official record, including the application and responses filed by parties pursuant to this notice, in accordance with 10 CFR 590.316.

The application filed by Dow is available for inspection and copying in the Office of Oil and Gas Global Security and Supply docket room, 3E–042, 1000 Independence Avenue, SW., Washington, DC 20583. The docket room is open between the hours of 8 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays. The application is also available electronically by going to the following web address: http://www.fe.doe.gov/programs/gasregulation/index.html.

Issued in Washington, DC, on June 28, 2010.

John A. Anderson,
Manager, Natural Gas Regulatory Activities,
Office of Oil and Gas Global Security and Supply, Office of Fossil Energy.

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DEPARTMENT OF ENERGY

[FE Docket No. 10–63–LNG]

ConocoPhillips Alaska Natural Gas Corporation and Marathon Oil Company; Application for Blanket Authorization To Export Liquefied Natural Gas

AGENCY: Office of Fossil Energy, DOE.

ACTION: Notice of application.

SUMMARY: The Office of Fossil Energy (FE) of the Department of Energy (DOE) gives notice of receipt of an application, filed jointly on June 8, 2010, by ConocoPhillips Alaska Natural Gas Corporation (CPANGC) and Marathon Oil Company (Marathon) (collectively Applicants), requesting blanket authorization to export a quantity of liquefied natural gas (LNG) equal to the difference between the 99 trillion British thermal units (BTUs) authorized in DOE/FE Order Nos. 2500 and 2500–A, and the cumulative volume that is ultimately exported by Applicants under their currently-effective blanket authorization from April 1, 2009, through March 31, 2011. Applicants seek blanket authorization to export this volume of LNG from facilities located near Kenai, Alaska, to Japan and/or one or more other countries globally with which trading is not prohibited by U.S. law for a two-year period commencing April 1, 2011, and terminating March 5, 2013.

5 Freeport LNG Development, L.P., Order No. 2644, June 8, 2009 at p. 12.
6 ConocoPhillips Company, DOE/FE Order No. 2731, November 30, 2009 at p. 11.