

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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JORDAN COVE ENERGY PROJECT L.P.

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FE DOCKET NO. 11-127-LNG

ORDER AMENDING LONG-TERM, MULTI-CONTRACT AUTHORIZATION  
TO EXPORT LIQUEFIED NATURAL GAS BY VESSEL  
FROM THE PROPOSED JORDAN COVE LNG TERMINAL  
TO FREE TRADE AGREEMENT NATIONS

DOE/FE ORDER NO. 3041-A

JULY 20, 2018

## **I. BACKGROUND AND DESCRIPTION OF REQUEST**

Previously, in 2011, Jordan Cove Energy Project L.P. (JCEP) filed an application<sup>1</sup> with the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3(c) of the Natural Gas Act (NGA), 15 U.S.C. § 717b(c).<sup>2</sup> JCEP requested long-term authorization to export domestically produced liquefied natural gas (LNG) in a volume up to nine million metric tons per year (mtpa), equivalent to 438 billion cubic feet (Bcf) per year (Bcf/yr) of natural gas (or 1.2 Bcf per day (Bcf/d)). JCEP sought to export this LNG, on its own behalf and as agent for other entities, by vessel from the proposed Jordan Cove LNG Terminal to be located in Coos Bay, Oregon, to countries with which the United States has entered into a free trade agreement (FTA) requiring national treatment for trade in natural gas, and with which trade is not prohibited by U.S. law or policy (FTA countries).<sup>3</sup> On December 7, 2011, DOE/FE granted JCEP's FTA authorization for a term of 30 years in DOE/FE Order No. 3041.<sup>4</sup>

Subsequently, on September 21, 2017, JCEP filed an application with the Federal Energy Regulatory Commission (FERC) in FERC Docket No. CP17-495-000 (FERC Application).<sup>5</sup> In relevant part, JCEP is seeking authorization from FERC to site, construct, and operate the proposed Jordan Cove LNG Terminal in Coos Bay, Oregon. In the FERC Application, JCEP

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<sup>1</sup> Jordan Cove Energy Project L.P., Application for Long-Term Authorization to Export Liquefied Natural Gas to Free Trade Agreement Countries, FE Docket No. 11-127-LNG (Sept. 22, 2011).

<sup>2</sup> The authority to regulate the imports and exports of natural gas, including liquefied natural gas, under section 3 of the NGA (15 U.S.C. § 717b) has been delegated to the Assistant Secretary for FE in Redelegation Order No. 00-006.02 issued on November 17, 2014.

<sup>3</sup> The United States currently has FTAs requiring national treatment for trade in natural gas with Australia, Bahrain, Canada, Chile, Colombia, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Republic of Korea, and Singapore. FTAs with Israel and Costa Rica do not require national treatment for trade in natural gas.

<sup>4</sup> See *Jordan Cove Energy Project L.P.*, DOE/FE Order No. 3041, FE Docket No. 11-127-LNG, Order Granting Long-Term, Multi-Contract Authorization To Export Liquefied Natural Gas By Vessel From the Jordan Cove LNG Terminal to Free Trade Agreement Nations (Dec. 7, 2011).

<sup>5</sup> See *Jordan Cove Energy Project L.P.*, Application for Authorizations Under Section 3 of the Natural Gas Act, FERC Docket No. CP-17-495 (Sept. 21, 2017); see also *Jordan Cove Energy Project L.P. & Pacific Connector Gas Pipeline, LP*, Notice of Applications, FERC Docket Nos. CP17-495-000, *et al.*, 82 Fed. Reg. 47,502 (Oct. 12, 2017).

proposes a maximum liquefaction capacity of 7.8 mtpa of LNG for the Jordan Cove LNG Terminal, equivalent to approximately 395 Bcf/yr of natural gas (1.08 Bcf/d). The FERC Application is currently pending, and DOE/FE is participating in the FERC proceeding as a cooperating agency.

On February 6, 2018, JCEP submitted an Application<sup>6</sup> to amend its FTA authorization, DOE/FE Order No. 3041, in two respects.<sup>7</sup> First, JCEP asks DOE/FE to modify its approved LNG export volume in DOE/FE Order No. 3401—specifically, to decrease the approved export volume from 438 Bcf/yr to 395 Bcf/yr of natural gas.<sup>8</sup> JCEP states that it seeks to decrease its approved FTA export volume to “conform to the facilities proposed in the [pending] FERC Application.”<sup>9</sup> JCEP indicates that it wishes to avoid “the FTA Authorization [being] in excess of JCEP’s production capacity,” based on the facilities that JCEP has proposed in its FERC Application.<sup>10</sup>

Second, JCEP asks DOE/FE to “re-set” the date by which JCEP must commence its FTA exports.<sup>11</sup> Under DOE/FE Order No. 3041, the 30-year term of the FTA authorization commences on “the earlier of the date of first export or 10 years from the date the authorization is issued (December 7, 2021).”<sup>12</sup> JCEP states, however, that exports from the proposed Jordan Cove LNG Terminal are not expected to commence until “the first half of 2024,” beyond the

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<sup>6</sup> Jordan Cove Energy Project L.P., Application to Amend Long-Term Authorizations to Export Liquefied Natural Gas to Free Trade Agreement Countries and Non-Free Trade Agreement Countries and Amendment to Application for Long-Term Authorization to Export Liquefied Natural Gas to Non-Free Trade Agreement Countries, FE Docket Nos. 11-127-LNG & 12-32-LNG, at 1-2 (Feb. 6, 2018) [hereinafter JCEP App.].

<sup>7</sup> In the Application, JCEP also asks DOE/FE to take action with respect to its conditional authorization to export LNG to non-FTA countries, set forth in DOE/FE Order No. 3413 (FE Docket No. 12-32-LNG). This Order, however, only addresses JCEP’s request to amend its FTA authorization, DOE/FE Order No. 3401. DOE/FE will address the non-FTA portion of JCEP’s Application separately, pursuant to NGA section 3(a), 15 U.S.C. § 515b(a).

<sup>8</sup> JCEP App. at 2.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.* at 4.

<sup>11</sup> *See id.* at 5.

<sup>12</sup> *Jordan Cove Energy Project L.P.*, DOE/FE Order No. 3041, at 12-13 (Ordering Para. A).

period set forth in its FTA authorization.<sup>13</sup> Therefore, JCEP asks DOE/FE to amend Order No. 3041 to establish a new 10-year commencement period from the date of this requested amendment.<sup>14</sup>

## **II. FINDINGS**

Section 3(c) of the NGA was amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486) to require that applications requesting authority for (a) the import and export of natural gas, including LNG, from and to a nation with which there is in effect a FTA requiring national treatment for trade in natural gas, and/or (b) the import of LNG from other international sources, be deemed consistent with the public interest and granted without modification or delay. The portion of JCEP's Application requesting amendments to its FTA authorization (DOE/FE Order No. 3041) falls within section 3(c), as amended. Therefore, DOE/FE is charged with granting the requested amendments without modification or delay.<sup>15</sup>

## **ORDER**

Pursuant to section 3(c) of the NGA, it is ordered that:

A. JCEP's request to amend DOE/FE Order No. 3041 is granted, as reflected in the following new Ordering Paragraph A:

Jordan Cove Energy Project L.P. (JCEP) is authorized to export domestically produced LNG by vessel from the proposed Jordan Cove Terminal to be located in Coos Bay, Oregon. The volume authorized in this Order is equivalent to approximately 395 Bcf/yr of natural gas for a 30-year term,

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<sup>13</sup> JCEP App. at 5.

<sup>14</sup> *See id.*

<sup>15</sup> DOE further finds that the requirement for public notice of applications and other hearing-type procedures in 10 C.F.R. Part 590, are applicable only to applications seeking to export natural gas, including LNG, to countries with which the United States does not have a FTA requiring national treatment for trade in natural gas.

beginning on the earlier of the date of first export or 10 years from the date of this amended authorization (July 20, 2028). JCEP is authorized to export this LNG on its own behalf and as agent for other entities that hold title to the natural gas, pursuant to one or more long-term contracts (a contract greater than two years).

This amended Ordering Paragraph A supersedes Ordering Paragraph A in DOE/FE Order No. 3041 in its entirety.

B. All other obligations, rights, and responsibilities established by DOE/FE Order No. 3041 remain in effect.

C. This Order is effective immediately.

Issued in Washington, D.C., on July 20, 2018.

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Shawn Bennett  
Deputy Assistant Secretary for Oil and Natural Gas  
Office of Fossil Energy