UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

CARIB ENERGY (USA) LLC	)))	FE DOCKET NO. 11-71-LNG

ORDER GRANTING LONG-TERM MULTI-CONTRACT AUTHORIZATION TO EXPORT LIQUEFIED NATURAL GAS TO FREE TRADE AGREEMENT NATIONS IN CENTRAL AMERICA, SOUTH AMERICA, OR THE CARIBBEAN BY VESSEL IN ISO CONTAINERS

DOE/FE ORDER NO. 2993

JULY 27, 2011

I. DESCRIPTION OF REQUEST

On June 6, 2011, Carib Energy (USA) LLC (Carib), filed an application, which was amended on June 14, 2011, with the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA)[1] for long-term, multi-contract authorization to export liquefied natural gas (LNG) from the southeast United States, including Florida, and the Gulf Coast, including Texas, up to the equivalent of 11.53 billion cubic feet (Bcf) of natural gas per year for a 25-year term. Carib requests that this authorization commence on the earlier of the date of first export, or five years from the date that the authorization is issued (July 27, 2016). Carib seeks to export both domestically produced and previously imported LNG to any country located within Central America, South America, or the Caribbean, which has, or in the future develops, the capacity to import LNG in approved ISO IMO7/TVAC-ASME LNG containers (ISO containers) transported on ocean-going vessels, and with which the United States currently has, or in the future will have, a Free Trade Agreement (FTA) requiring the national treatment for trade in natural gas.[2]

II. BACKGROUND

Carib is a Delaware limited liability company, which has its principal place of business in Coral Springs, Florida. Stock in Carib is held equally by Everything for Gas International LLC d/b/a EFG Industries, a Florida limited liability company based in Coral Springs, Florida, and Argosy Transportation Group Inc., a Texas limited liability company based in Bellaire, Texas.

1/ 15 U.S.C. § 717b. The authority is delegated to the Assistant Secretary for FE pursuant to Redelegation Order No. 00-002.04D (November 6, 2007).

2/ Within this region, the United States currently has FTAs requiring national treatment for trade in natural gas with Chile, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Peru. Pursuant to Annex 3.2 of the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR), Article 3.2 of the CAFTA-DR, which provides for national treatment, shall not apply to certain controls by Costa Rica on the exports of hydrocarbons.

Carib states that in the majority of cases, no facility modifications or additions will be required in order for Carib to export LNG from the United States.[3] Carib will take delivery of LNG at the site of existing liquefaction facilities located throughout the southeastern United States, purchasing relatively small LNG quantities, and in most cases, making use of excess LNG capacity, which is available for sale, as well as natural gas, which can be liquefied at liquefaction facilities. Carib will transport the LNG from the liquefaction facilities within the United States over both highways and via rail, and will transport LNG to buyers in South America, Central America and the Caribbean, using approved ISO containers transported on ocean-going carriers. Carib states that containers and carriers used for transportation within the United States will comply with all Association of American Railroads and U.S. Department of Transportation regulations, and the third parties with which Carib will be contracting to handle such transportation will comply with all hazardous material and cryogenic handling regulations and requirements, including employee training, in addition to obtaining any state permits required for transportation of LNG.

Carib states that it will purchase LNG on both a spot basis and under long-term purchase agreements from suppliers, including utilities that have excess natural gas and LNG. Carib asserts it is currently involved in negotiations with several such suppliers, and will file all executed long-term contracts with DOE/FE under seal, following their execution.

Carib states that it will file a separate application with DOE/FE requesting long-term, multi-contract authorization to export LNG to any country located within South America, Central America or the Caribbean with which the United States does not have an FTA requiring

3/ If and to the extent the owners of liquefaction facilities from which Carib is taking delivery of LNG make minor modifications to those facilities to either accommodate the slight additional volume of LNG resulting from such deliveries or to account for the temperature requirements of LNG versus other liquefied petroleum products, those owners will obtain the necessary state, local, or federal permits before any such modifications or deliveries occur.

national treatment for trade in natural gas and LNG, which has developed or in the future will develop the capacity to import LNG via ocean-going carrier, and with which trade is not prohibited by United States law or policy.

III. FINDINGS

(1) 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 to authorize: (a) the import and export of natural gas, including LNG, from and to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas, and (b) the import of LNG from other international sources, be deemed consistent with the public interest and granted without modification or delay. The instant application falls within section 3(c), as amended, and therefore, DOE/FE is charged with granting the application without delay or modification.[4]

(2) In light of DOE's statutory obligation to grant the application without delay or modification, there is no need for DOE to review the other arguments posed by Carib in support of the application. The instant grant of authority should not be read to indicate DOE's views on those arguments.

ORDER

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

A. Carib is authorized to export domestically produced and previously imported LNG in approved ISO containers transported by ocean-going vessel from the southeast United States, including Florida, and the Gulf Coast, including Texas, up to the equivalent of 11.53 Bcf of natural gas per year for a 25-year term, beginning on the earlier of the date of first export, or July

[4] DOE further finds that the requirement for granting the application without delay or modification overrides regulatory requirements for public notice and other hearing-type procedures in 10 CFR Part 590.

27, 2016, pursuant to one or more long-term contracts (greater that two years) with third parties with terms not to exceed the term of the authorization.

B. This LNG may be exported to any nation in South America, Central America, and the Caribbean with which the United States currently has, or subsequently enters into, a FTA requiring national treatment for trade in natural gas, provided that the destination nation has the capacity to import LNG on ISO containers by ocean going vessels. FTA countries are currently identified by DOE/FE at: http://www.fossil.energy.gov/programs/gasregulation/index.html.

C. Carib shall file with the Office of Natural Gas Regulatory Activities all executed long-term agreements that allow Carib to purchase LNG for loading in LNG ISO containers for subsequent export on ocean going vessels. Carib shall also file with the Office of Natural Gas Regulatory Activities all executed long-term LNG agreements in which Carib supplies LNG to entities located in countries identified in ordering paragraph B. All such contracts identified in this section shall be filed under seal, within 30 days following their execution.

D. **Monthly Reports:** With respect to the LNG exports authorized by this Order, Carib shall file with the Office of Natural Gas Regulatory Activities, within 30 days following the last day of each calendar month, a report indicating whether exports of LNG have been made. Monthly reports shall be filed whether or not initial deliveries have begun. If exports have not occurred, a report of "no activity" for that month must be filed. If exports of LNG have occurred, the report must give the following details of each LNG cargo: (1) the name of the U.S. export port or terminal; (2) the name of the ocean going vessel; (3) the date of departure from the U.S. export port or terminal; (4) the country of destination; (5) the name of the supplier/seller; (6) the volume in Mcf; (7) the price at point of export per million British thermal units (MMBtu);

(8) the duration of the supply agreement (indicate spot sales); and (9) the name(s) of the purchaser(s).

(Approved by the Office of Management and Budget under OMB Control No. 1901-0294)

E. The first monthly report required by this Order is due not later than August 30, 2011, and should cover the reporting period from July 27, 2011, through July 30, 2011.

F. All monthly report filings shall be made to U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Natural Gas Regulatory Activities, P.O. Box 44375, Washington, D.C. 20026-4375, Attention: Ms. Yvonne Caudillo. Alternatively, reports may be e-mailed to Ms. Caudillo at Yvonne.caudillo@hq.doe.gov or ngreports@hq.doe.gov, or may be faxed to Ms. Caudillo at (202) 586-6050.

Issued in Washington, D.C., on July 27, 2011.

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Office of Oil and Gas Global Security and Supply
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