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October 14, 2008

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.W.
Room 1A, East
Washington, D.C. 20426

Re: Freeport LNG Development, L.P.
Request For Determination Regarding Applicability of Pre-Filing Procedures

Dear Ms. Bose:

Pursuant to 18 C.F.R. §157.21 (2008), Freeport LNG Development, L.P. (“Freeport LNG”) respectfully requests that the Director of the Office of Energy Projects (“Director”) of the Federal Energy Regulatory Commission (“Commission”) make a determination that Freeport LNG’s proposal to engage in liquefied natural gas (“LNG”) export services at its Quintana Island LNG terminal is not subject to the Commission’s otherwise mandatory pre-filing procedures established in Docket No. RM05-31-000, Order No. 665, as set forth in Section 157.21 of the Commission’s regulations. In support of its request, Freeport LNG states as follows:

Regulatory Background

The Commission has authorized Freeport LNG to site, construct and operate a new LNG import, storage and vaporization terminal, and associated send-out pipeline, on Quintana Island in Texas.¹ On July 1, 2008, the Commission issued a letter order granting Freeport LNG’s request to commence service at its Quintana Island import terminal.

In addition to operating its facility to import LNG, Freeport LNG now intends to operate its facility to export foreign-sourced LNG. To this end, Freeport LNG plans to file with the Commission an application pursuant to Section 3 of the Natural Gas Act (“NGA”), 15 U.S.C. §717b, so that it may operate its facility for the additional purpose of exporting previously

¹ *Freeport LNG Development, L.P.*, Order Granting Authorization Under Section 3 of the Natural Gas Act, 107 FERC ¶ 61,278 (2004); Order Granting Rehearing and Clarification, 108 FERC ¶ 61,253 (2004); and Order Amending Section 3 Authorization, 112 FERC ¶61,194 (2005).

Kimberly D. Bose
October 14, 2008
Page 2 of 3

imported LNG on a short-term basis. In order to accommodate its proposed LNG exportation activities, Freeport LNG plans to make very minor engineering modifications to its terminal facilities.

Proposed Export Operations

On August 1, 2008, Freeport LNG filed an application with the Department of Energy, Office of Fuels Programs, Fossil Energy (“FE”), seeking FE authorization to export foreign-sourced LNG from its authorized Quintana Island facilities. Specifically, Freeport LNG has applied for blanket authorization to allow it to export up to 24 billion cubic feet, on a cumulative basis, of LNG that has been imported into the United States from foreign sources, for a two-year period.

Freeport LNG intends to file an application with the Commission pursuant to Section 3 of the NGA for authorization to operate its Quintana Island terminal for the export of LNG. In order to accommodate its proposed export operations, Freeport LNG proposes to utilize one of its existing unloading arms (marine transfer piping) to serve as a ship loading line and a vapor return line. Freeport LNG proposes to replace check valve V-0320 located at the dock of the terminal with a cryo spool piece, and to upgrade control valve XV-1041, also located at the dock, to control pressure into the ship during LNG loading. No other facility modifications will be required for Freeport LNG to engage in export operations.

There will be no additional ship transits to the Freeport LNG terminal as a result of the proposed export operations beyond what is currently authorized and Freeport LNG has consulted the US Coast Guard (“USCG”) with regard to its proposal to utilize the Quintana Island terminal for export operations. The USCG has requested that Freeport LNG update or amend its prior submissions, including its Emergency Manual, Operations Manual, Security Plan and its Waterway Suitability Analysis as may be required to reflect the proposed LNG export operations. It is anticipated that USCG review of these updated documents will occur in the context of the normal USCG review process. Notably, USCG has not indicated that it intends for this review to occur in the context of the Commission’s pre-filing process.

Request For Determination That Proposed Terminal Modification And Change in Operations Are Exempt From Pre-Filing Process

Section 157.21(a) of the Commission’s regulations provides that the Commission’s mandatory pre-filing procedures shall apply when the Director finds that prospective modifications to an existing or approved LNG terminal “involve significant state and local safety considerations that have not been previously addressed.” Examples of such modifications, as set forth in the regulations, include, but are not limited to, the addition of LNG storage tanks; increasing throughput requiring additional tanker arrivals or the use of larger vessels; or changing the purpose of the facility from peaking to baseload.

Kimberly D. Bose
October 14, 2008
Page 3 of 3

Freeport LNG's proposal to offer LNG export services will not involve the addition of LNG storage tanks, will not increase the Project's throughput, the number of ship transits to the Project or involve the use of larger vessels. Moreover, Freeport LNG's proposal to offer LNG export services will not change the primary purpose of the Project. Most notably, the proposed change in service (and associated minor upgrade of facilities) will not result in significant state and local safety considerations or environmental impacts. On October 8, 2008, the Director of OEP issued a very similar determination to Sabine Pass LNG, L.P. finding that its proposal to offer LNG export services at its Cameron Parish facilities is not subject to the Commission's otherwise mandatory pre-filing process. For the same reasons discussed in the October 8th letter to Sabine Pass LNG, L.P., Freeport LNG requests that the Director of OEP make a similar determination that Freeport LNG's proposal to offer LNG export services is not subject to the Commission's pre-filing process.

Consequently, for the reasons discussed above, Freeport LNG respectfully requests a written determination from the Director that its proposed change in operations is exempt from the Commission's otherwise mandatory pre-filing procedures.

Respectfully submitted,

/s/ Lisa M. Tonery _____
Attorney for
Freeport LNG Development, L.P.

cc: Lauren H. O'Donnell
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Document Content(s)

Freeport Transmittal Request.PDF.....1-3