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July 26, 2010

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

**Re: Sabine Pass Liquefaction, LLC and Sabine Pass LNG, L.P.
Docket No. PF10-____-000
Request to Initiate Commission NEPA Pre-Filing Process
Liquefaction Project**

Dear Ms. Bose:

Pursuant to the requirements of 18 C.F.R. § 157.21 (2010), Sabine Pass Liquefaction, LLC and Sabine Pass LNG, L.P. (together, “Sabine Pass”) hereby request that the Federal Energy Regulatory Commission (“Commission” or “FERC”) initiate the Commission’s National Environmental Policy Act (“NEPA”)¹ pre-filing review of a proposed liquefaction and export plant (“Liquefaction Project”) to be located at the existing Sabine Pass LNG liquefied natural gas (“LNG”) Terminal in Cameron Parish, Louisiana.² The Liquefaction Project is being developed to liquefy surplus supplies of domestic natural gas for export to foreign markets.

The Liquefaction Project will be constructed pursuant to Section 3 of the Natural Gas Act (“NGA”). Under Section 3(e) of the NGA, the Commission has exclusive authority to approve or deny an application for the siting, construction, expansion or operation of an LNG terminal. The Energy Policy Act of 2005 (“EPAct 2005”) amended the NGA to provide the Commission with a very unique and specific procedural mandate to coordinate the processing and review of

¹ 42 U.S.C. § 4332 (2000).

² Sabine Pass Liquefaction, LLC is an affiliate of Sabine Pass LNG, L.P. (“Sabine Pass LNG”). The Commission has authorized Sabine Pass LNG to site, construct and operate an LNG import, storage and vaporization terminal in Cameron Parish, Louisiana with a total send-out capacity of 4 billion cubic feet per day (“Bcf/d”). See *Sabine Pass LNG, L.P., Order Granting Authority Under Section 3 of the Natural Gas Act and Issuing Certificates*, 109 FERC ¶ 61,324 (2004) (Phase I); and *Sabine Pass LNG, L.P., Order Granting Authority Under Section 3 of the Natural Gas Act*, 115 FERC ¶ 61,330 (2006) (Phase II). Phase I of the Sabine Pass LNG Terminal, consisting of 2.6 Bcf/d of send-out capacity, was placed in commercial operation in 2008. Phase II, consisting of an additional 1.4 Bcf/d of capacity, was placed in commercial operation in 2009. Most recently, the Commission amended Sabine Pass LNG’s Section 3 authorization, in Docket Nos. CP04-47-001 and CP05-396-001, to allow Sabine Pass LNG to utilize its existing terminal for the additional purpose of exporting foreign-sourced LNG. See *Sabine Pass LNG, L.P., Order Amending Section 3 Authorizations*, 127 FERC ¶ 61,200 (2009).

LNG applications. Specifically, Sections 311 and 313 of EAct 2005, amended Sections 3 and 15 of the NGA, respectively, designating the Commission as the “lead agency for the purposes of coordinating all applicable Federal authorizations . . .” and requires “[e]ach Federal and State agency considering an aspect of an application” for an LNG facility to “cooperate with the Commission and comply with the deadlines established by the Commission.”³ The term “Federal authorization” is defined very broadly under EAct 2005 to mean “any authorization under Federal law with respect to an application for authorization” for an LNG terminal, including “any permits, special use authorizations, certifications, opinions, or other approvals as may be required under Federal law with respect to an application for authorization.”⁴ EAct 2005 Section 313(c)(1)(A) requires the Commission to establish schedules to “ensure expeditious completion” of all such proceedings.⁵ Moreover, the Commission is obligated under the dictates of EAct 2005 to “maintain a complete consolidated record of all decisions made or actions taken by the Commission or by a Federal administrative agency . . . with respect to any Federal authorization.”⁶ As these are statutory mandates, the Commission does not have the discretion to waive its responsibilities in this regard.⁷

Commencement of the pre-filing process is consistent with the Commission’s broad mandate to act as the lead agency in LNG proceedings. It also is consistent with President Obama’s National Export Initiative, which calls for coordination of “Federal efforts to facilitate the creation of jobs in the United States through the promotion of exports, and to ensure the effective use of Federal resources in support of these goals.”⁸ In this regard, in the July 26, 2010 letter included herewith as Attachment 1, U.S. Senators Mary Landrieu and David Vitter, as well as U.S. Representatives Rodney Alexander, Charles Boustany Jr., MD, Charlie Melancon, Steve Scalise, Bill Cassidy, MD, John Fleming, MD and Anh Cao have expressed their support for the Liquefaction Project citing both the President’s National Export Initiative and the significant new employment and investment opportunities for the Northern Louisiana region, which has yet to recover from the 2005 hurricanes, to be provided by the Liquefaction Project. Similarly, Lieutenant Governor Scott Angelle, Louisiana State Senators Willie Mount and Dan Morrish, Louisiana State Representatives Mike Danahay, A.B. Franklin, Brett Geymann, John Guinn, Chuck Kleckley and Jonathan Perry have expressed support for the Liquefaction Project in letters included in Attachment 1. At the local level, the Cameron Parish Police Jury and the West Cameron Port Harbor & Terminal District support the Liquefaction Project as it will result

³ Energy Policy Act of 2005, Section 313 (Public Law 109-58).

⁴ *Id.*

⁵ *Id.* See also *Coordinated Processing of NGA Section 3 and 7 Proceedings, Order Delegating Authority*, 113 FERC ¶ 61,170 at P 5 (2005).

⁶ See 15 U.S.C. §717n (d) (2010).

⁷ See *AEP Power Marketing, Inc.*, 124 FERC ¶ 61,274 at P 53 (2008) (requirements that are statutory in nature may not be waived); *Arkansas Power & Light Co.*, 19 FERC ¶ 61,115 at 61,217 (1982) (“[t]he Commission has neither the authority to waive the statutory requirement nor any inclination to employ a legal artifice to circumvent it”).

⁸ Executive Order - National Export Initiative (“A critical component of stimulating economic growth in the United States is ensuring that U.S. businesses can actively participate in international markets by increasing their exports of goods, services, and agricultural products. Improved export performance will, in turn, create good high-paying jobs”) (March 11, 2010) available at <http://www.whitehouse.gov/the-press-office/executive-order-national-export-initiative> (visited on July 8, 2010).

in significant new employment and investment opportunities for the Cameron Parish community. (See Attachment 1.)

Moreover, there are sound energy policy reasons to ensure the expeditious review of the Liquefaction Project. As the recent interdisciplinary report prepared by the Massachusetts Institute of Technology entitled *The Future of Natural Gas* articulated: “Greater international market liquidity would be beneficial to U.S. interests. U.S. prices for natural gas would be lower than under current regional markets, leading to more gas use in the U.S. Greater market liquidity would also contribute to security by enhancing diversity of global supply and resilience to supply disruptions for the U.S. and its allies.”⁹ Accordingly, the study recommends that the United States support development of a global “liquid” natural gas market with diversity of supply and not erect barriers to gas imports or exports.¹⁰

In compliance with the Commission’s mandatory pre-filing procedures, Sabine Pass submits the following:

1. *Project Schedule*¹¹

Sabine Pass anticipates filing its formal application pursuant to Section 3 of the NGA no later than February 2011 and will respectfully request that the Commission issue an Order authorizing the siting, construction and operation of the Liquefaction Project no later than December 2011. Sabine Pass anticipates filing its Project Implementation Plan no later than December 2011 and requesting authorization to commence construction by January 2012. Sabine Pass anticipates a construction schedule of approximately 43 months to completion and start up of LNG Train 2. A more detailed schedule is provided below.

Key Milestone Activities	Anticipated Schedule
Submit Request to Initiate Pre-filing Review Process	July 26, 2010
File NGA Section 3 Application	February 11, 2011
Issuance of Environmental Assessment/Environmental Impact Statement	September 2011

⁹ Massachusetts Institute of Technology, *The Future of Natural Gas Interim Report* at p. XV (2010) available at <http://web.mit.edu/mitei/research/studies/naturalgas.html> (visited on July 8, 2010).

¹⁰ *Id.* at p. 71. The Trade Compliance Center in the U.S. Department of Commerce’s International Trade Administration defines trade barriers to include excessive government requirements, among other things. See http://tcc.export.gov/Report_a_Barrier/Common_Trade_Problems/index.asp#P94_6252 (visited on July 8, 2010).

¹¹ 18 C.F.R. § 157.21(d)(1).

Issuance of Authorization	December 2011
File Initial Implementation Plan	December 2011
Commencement of Construction	January 2012
Liquefaction Project In-Service	2015

2. *Zoning and Availability*¹²

The proposed Liquefaction Project would be located on approximately 120 acres of the 853-acre Sabine Pass LNG site in Cameron Parish, Louisiana, on the eastern shore of the Sabine Pass Channel and east of the town of Sabine Pass, Texas. Sabine Pass LNG has acquired the land through a long-term lease. The Sabine Pass LNG site is located in an industrial-zoned area. The Liquefaction Project will utilize the existing Sabine Pass LNG marine facilities.

3. *Liquefaction Project Description*¹³

Figure 1 attached hereto illustrates the Liquefaction Project location and preliminary site configuration and plot plan. The Liquefaction Project will be designed to process on average approximately 2.4 Bcf/d of pipeline quality natural gas delivered to the Sabine Pass LNG Terminal through the interconnecting Cheniere Creole Trail Pipeline.¹⁴ Natural Gas will be liquefied into LNG and stored in Sabine Pass LNG's five (5) existing metal, double-wall, single containment storage tanks with secondary impoundment. LNG will be exported from the Terminal via LNG carriers that will arrive at the Sabine Pass LNG Terminal via marine transit through the Sabine Pass Channel. The facility will be operated as a bidirectional facility and will have the capability both to liquefy for export, and to import and regasify, simultaneously. This

¹² 18 C.F.R. § 157.21(d)(2).

¹³ 18 C.F.R. § 157.21(d)(4).

¹⁴ Cheniere Creole Trail Pipeline, L.P. ("Cheniere Creole Trail") is the owner and operator of the Cheniere Creole Trail Pipeline. Cheniere Creole Trail was issued a certificate of public convenience and necessity for the Cheniere Creole Trail Pipeline on June 15, 2006 in Docket No. CP05-357-000, as amended. The Cheniere Creole Trail Pipeline consists of approximately 150 miles of 42-inch-diameter pipeline. The Cheniere Creole Trail Pipeline currently connects the Sabine Pass LNG Terminal to Gillis, Louisiana (approximately 93.8 miles). The remaining portions of the Cheniere Creole Trail Pipeline (Segments 3B and 3C), which will extend to Eunice, Louisiana, and to the Creole Trail LNG Terminal facilities (authorized by the Commission in Docket No. CP05-360-000) have not yet been constructed. Some modification of the Cheniere Creole Trail Pipeline would be required to accommodate the Liquefaction Project. Specifically, modifications to interconnects and metering stations will be necessary to allow bidirectional flow and new compressor stations will be needed to allow flow from interconnecting pipelines. Those modifications may, at least in part, be constructed pursuant to Cheniere Creole Trail's blanket certificate issued in Docket No. CP05-358-000.

dual capability will not result in an increase in the number of ship transits¹⁵ since the total amount of LNG processed either by liquefying natural gas or vaporizing LNG will not exceed an average of 4.0 Bcf/d.

The main component of the Liquefaction Project consists of four (4) Phillips Optimized Cascade LNG trains, each capable of processing up to 0.7 Bcf/d of natural gas, with average liquefaction capacity of 3.5 million tons per annum (“mtpa”).¹⁶

Each LNG Train contains the following equipment:

- Gas treatment facilities to remove solids, CO₂, sulfur, water and mercury;
- Six LM2500D+ gas turbine-driven refrigerant compressors;
- Waste heat recovery systems for regenerating the gas driers and amine system;
- Induced draft air coolers;
- Storage tank for amine make up;
- Associated fire and gas and safety systems;
- Associated control systems and electrical infrastructure;
- Utility connections and distribution systems as required;
- Soil improvement, piling and paving; and
- Piping, piperacks, foundations and structures within the LNG train battery limits.

In addition, the Liquefaction Project will require the following new facilities or modification to existing facilities:

- New and remodeled buildings to accommodate increased equipment, new utilities and support infrastructure, and modifications to existing facilities built for the Sabine Pass LNG Terminal as determined to be required, including the following:¹⁷
 - Modifications to control building to add systems for the liquefaction trains and other new facilities, and to move some functions to the new O&M building;
 - New warehouse to store spare parts and consumables for both the liquefaction and regasification facilities;
 - New storage building for chemicals, lubricants, and other hazardous substances;
 - New O&M building for lockers, canteen, offices, etc.;

¹⁵ The Sabine Pass LNG Terminal is capable of unloading approximately 400 ships per year, or an average of just over 1 ship every day.

¹⁶ The nameplate rating will be determined during the pre-filing process after further study of expected feed gas composition, site conditions, equipment selections, expected maintenance schedules and other factors.

¹⁷ Modifications and additions to existing facilities will be determined through engineering design development to take place during the pre-filing process.

- Remote I/O buildings and substations, as required;
 - Modifications to the Creole Trail master meter to allow bidirectional natural gas flow;
 - Storage tanks for propane and ethylene refrigerants;
 - Replacement of in-tank LNG pumps and piping modifications to increase flow capacity and facilitate loading of LNG carriers;
 - Modifications to LNG impoundments (if necessary) to accommodate LNG loading and unloading of up to 14,000 m³/hr;
 - New wet and dry flares for the liquefaction facilities;
 - New instrument air compressor packages;
 - New standby generator;
 - New heavy haul road from Lighthouse Road to the liquefaction trains, and new plant roads to service new facilities;
 - Expansions of security and perimeter control systems;
 - Expansions of telecom, IT, CCTV, and other systems;
 - New storage tanks for condensate, liquid nitrogen, diesel, and gasoline (if required);
 - New potable water, service water, and demineralized water systems;
 - Upgrades and expansions of potable water and sewage treatment facilities.
- New Metering Station for receipt of natural gas from the Creole Trail Pipeline.
 - New feed gas inlet K.O. drum, filter separator and pig trap.
 - Modification of the electric generation non-jurisdictional facilities, including gas-turbine generators, transformers, and other electrical accessories, also will be required to supplement existing onsite power generation.

4. *List of Relevant Federal and State Agencies in the Liquefaction Project Area with Relevant Permitting Requirements, and Statement Indicating Agency Awareness of Sabine Pass's Intention to Use Pre-Filing Process (including contact names, phone numbers, and whether agencies agree to participate in this process).*¹⁸

Table 1, which is included as an attachment to this letter, identifies the federal and state agencies that have some form of review and/or permitting authority over the Liquefaction Project and further reflects the timeframe within which Sabine Pass proposes to file with such agencies for permits or other authorization, where applicable. For the most part, Sabine Pass intends to pursue such authorizations concurrent with the instant Commission process and expects to submit to the relevant agencies all applications for federal authorizations no later than February 2011. Sabine Pass anticipates that the relevant agencies will issue their respective federal authorizations for the Liquefaction Project in accordance with the schedule set by the Commission pursuant to Section 157.9 of the Commission's regulations.¹⁹ Table 1 also provides a listing of those agencies that Sabine Pass has informed about this pre-filing review request

¹⁸ 18 C.F.R. § 157.21(d)(5).

¹⁹ 18 C.F.R. § 157.9.

(contact information provided), including the Liquefaction Project schedule, and whether those agencies have agreed to participate in the pre-filing review process. The Louisiana Department of Natural Resources has been designated as the lead state agency by the Governor of Louisiana to consult with the Commission regarding state and local safety considerations.

5. *List and Description of the Interest of Other Persons/Organizations Contacted about the Liquefaction Project*²⁰

Sabine Pass initiated its public outreach program for the Project in May 2010. Since that time, Sabine Pass has had more than 100 meetings and discussions with numerous agencies (federal, state and local), individuals, groups and organizations regarding the Liquefaction Project's potential effects on the environment, its relationship with the community during construction and operation, and public safety issues.

Table 2 provides a listing of stakeholder contacts made to date, including contact names and telephone and/or email information and the type of meeting. Sabine Pass will continue to meet with various groups and individuals regarding the Liquefaction Project as outlined in the Public Outreach Plan discussed below.

6. *Project Work Already Done*²¹

- **Agency Consultations:** See Item No. 4 above, and Table 1 for a list of agency consultations.
- **Engineering:** Sabine Pass currently is preparing engineering and design plans for all components of the Liquefaction Project.
- **Environmental and Engineering Contractor Engagement:** To date, Sabine Pass has engaged the following contractors and subcontractors to help develop the Liquefaction Project.
 - Bechtel Corporation
 - ConocoPhillips Company
 - Natural Resource Group, LLC
 - GexCon US Inc.
- **Environmental Studies:** All Liquefaction Project facilities would be located within the previously-authorized footprint of the existing Sabine Pass LNG Terminal.²² Additional environmental impacts will be limited to those areas already reviewed and permitted by the Commission and the applicable state and federal permitting agencies

²⁰ 18 C.F.R. § 157.21(d)(6).

²¹ 18 C.F.R. § 157.21(d)(7).

²² See underlying applications filed in Docket Nos. CP04-47-000 and CP05-396-000, respectively, for a description of the location, size and environmental characteristics of the Sabine Pass LNG Terminal site. See also Final Environmental Impact Statement and the Environmental Assessment prepared by the Commission Staff in Docket Nos. CP04-47-000 and Docket No. CP05-396-000, respectively.

(USACE, LDNR). Given the relatively minor additional environmental impacts associated with the Liquefaction Project, Sabine Pass respectfully submits that an Environmental Assessment is sufficient to comply with the requirements of NEPA.

- ***Public Outreach and Open House Meetings:*** See Item Nos. 5 and 9, and Table 1 and Table 2 for a list of stakeholder communications. An Open House Meeting is being scheduled for a location in the vicinity of the Sabine Pass LNG Terminal. Sabine Pass's Public Outreach Program also has been implemented (see below).

7. *Third Party Consultant Proposals*²³

Sabine Pass sent out its Request for Proposals for Third-Party Contractors on June 8, 2010 to five potential environmental contractors. Sabine Pass is forwarding the responses from the following three entities to the Commission Staff under separate cover: TRC, Entrix and Ecology and Environment, Inc.

8. *Acknowledgement: Complete Environmental Report and Complete Application Required at the Time of Filing*²⁴

Sabine Pass acknowledges that a complete Environmental Report and a complete application under Sections 3(a) of the NGA will be submitted to the FERC at the time of filing.

9. *Public Participation Plan Details*²⁵

As part of its public outreach plan, Sabine Pass has conducted or will conduct the following activities:

1. Made a formal announcement of the Liquefaction Project to the local, state, and federal elected officials, and also has notified key special interest groups;
2. Held follow-up meetings with local, state and federal regulatory agencies previously contacted to identify other stakeholders and to initiate pre-filing activities with each agency;
3. Will continue to identify other governmental organizations to inform them about the Liquefaction Project and address any issues that are raised by the parties represented by these organizations;
4. Will continue to identify and meet with key audiences and stakeholder groups, local associations, neighborhood groups and other non-government organizations to inform them about the Liquefaction Project and address any issues that may be raised;

²³ 18 C.F.R. § 157.21(d)(8).

²⁴ 18 C.F.R. § 157.21(d)(10).

²⁵ 18 C.F.R. § 157.21(d)(11).

5. Will hold technical workshops/open houses in order to provide information about LNG to all of the interested state and federal agencies, adjacent tenants, as well as the public;
6. Will provide all required support needed for FERC to conduct public scoping meetings;
7. Sabine Pass is a wholly owned subsidiary of Cheniere Energy Partners, L.P., in which Cheniere Energy, Inc. (“Cheniere”) holds a 90.6% interest. Pertinent information regarding on the status of the Liquefaction Project will be posted on the publicly available Cheniere website. The website address is (www.cheniere.com) and will be populated with the information listed below:
 - A list of public repositories where all project related information, including project maps, will be available for inspection;
 - Frequently asked questions, with responses (FAQs);
 - A list of questions and issues raised at open houses and Sabine Pass’s responses to each;
 - Newsletter contents;
 - Applications filed with the FERC;
 - Any data requests, and Sabine Pass’s responses to each;
 - Environmental documents issued by FERC; and
 - Other appropriate project related information.

A single point of contact has been established for the Liquefaction Project. The contact will be:

Patricia Outtrim
V.P., Governmental and Regulatory Affairs
Cheniere Energy, Inc.
700 Milam Street
Suite 800
Houston, TX 77002
Office: (713) 265-0212
E-mail: Patricia.Outtrim@cheniere.com

Through the pre-filing process Sabine Pass endeavors to identify and resolve all of the stakeholders’ potential issues and concerns, thereby providing the Commission with an application that can be moved expeditiously through the NEPA process. The Commission’s early assistance in facilitating the NEPA process is greatly appreciated.

10. *Submittal to U.S. Coast Guard of Section 33 CFR Part 127.007 Letter of Intent and Preliminary Waterways Suitability Assessment*²⁶

²⁶ 18 C.F.R. § 157.21(d)(12).

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As reflected in the June 24, 2010 letter from Captain of the Port J.J. Plunkett of the U.S. Coast Guard (Attachment 2), construction and operation of the Liquefaction Project will not require submission of a new LOI for modification of the existing Sabine Pass LNG Letter of Recommendation or revision to the Waterway Suitability Assessment.

Sabine Pass respectfully requests that the Commission grant its request to initiate the NEPA pre-filing process by August 2, 2010. Should you have any questions about this request, please feel free to contact the undersigned at (212) 318-3009.

Respectfully submitted,

Lisa M. Tonery
Tania S. Perez
*Attorneys for
Sabine Pass Liquefaction, LLC and
Sabine Pass LNG, L.P.*

Enclosures

cc: Mr. Jeff Wright
Ms. Lauren O'Donnell
Mr. Terry Turpin

List of Enclosures

Figure 1 – Liquefaction Project location, preliminary site configuration and plot plan

Attachment 1 – Letter from Cameron Parish Planning and Development (June 29, 2010), Letter from Louisiana State Representative Jonathan Perry (July 15, 2010), Letter from Louisiana State Senator Willie L. Mount, *et al.* (July 1, 2010), Letter from Lieutenant Governor Scott A. Angelle (July 21, 2010), Letter from U.S. Senator May Landrieu, *et al.* (July 26, 2010).

Attachment 2 – Letter from Captain of the Port J.J. Plunkett, U.S. Coast Guard (June 24, 2010)

Table 1 – Agency Correspondence

Table 2 – Liquefaction and Export Outreach