December 5, 2013

DOE Approves Applications to Export LNG From Floating Barge Liquefaction Unit

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The Department of Energy (DOE) recently granted long-term authorizations to two companies, Eos LNG LLC and Barca LNG LLC, to export up to 1.6 billion cubic feet per day of liquefied natural gas (LNG) each from their proposed floating barge LNG facility located at the Port of Brownsville in Brownsville, Texas. The authorizations allow the companies to export LNG by vessel to any country with which the United States currently has, or in the future will have, a Free Trade Agreement requiring the national treatment for trade in natural gas (FTA countries). Both companies filed separate applications to export LNG to countries with which the United States does not have Free Trade Agreements (Non-FTA countries). The Eos and Barca Non-FTA applications are currently numbers 18 and 19 in the queue awaiting decision by DOE.

There are two factors that make the applications filed by Eos and Barca somewhat unique:

1. **Floating Barge Liquefaction Facility**: Rather than proposing to build a land-based LNG terminal, Eos and Barca propose to develop a floating liquefaction unit on a barge and use an existing LNG tanker (for storage only) that are both anchored to a dock at the Port of Brownsville. LNG tankers owned by third parties would then be loaded via ship-to-ship transfers from the LNG storage tanker. The barge facility would be constructed in a shipyard and then towed to the Port of Brownsville, where it would be integrated with the natural gas source. The companies assert that this approach will avoid complex and costly onshore civil construction projects and will enable the LNG to get to the market more quickly at a lower cost.

2. **Minority-and Veteran-Owned Businesses**: Eos states that it qualifies as an African American minority-owned business, and cites the example of the FCC granting preferences to minority-owned business in the issuance of radio and TV licenses. Eos requests that the DOE consider the FCC example when processing its Non-FTA application. Barca states that is owned 51 percent by two service-disabled veterans and that, as a result, it will qualify as a Service-Disabled Veteran Owned Business (SDVOB) under the Veterans Entrepreneurship and Small Business Development Act of 1999, the Veterans Benefit Act of 2003 and Executive Order 13360.

It remains to be seen whether the approach proposed by Eos and Barca will result in the commencement of LNG exports more rapidly than the land-based terminals proposed by a number of non-minority or veteran-owned entities before the DOE.

For more information on the matters discussed in this *Locke Lord QuickStudy*, please contact the authors:

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