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AIR PERMITS SECTION
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United States Environmental Protection Agency – Region 6
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

Attention: Wren Stenger, Director of Multimedia Planning and Permitting Division

RE: Freeport LNG Liquefaction Project – Permit No. PSD-TX-1302-GHG; Withdrawal of Permit Application

Dear Mr. Stenger,

Freeport LNG Development, L.P. (“FLNG”) has reviewed EPA’s Memorandum dated July 24, 2014 from Janet G. McCabe and Cynthia Giles to all Regional Administrators regarding EPA’s path forward in light of the *UARG v. EPA* decision issued by the United States Supreme Court (hereinafter, the “*UARG Memo*”). As you may be aware, FLNG applied for Permit No. PSD-TX-1302-GHG for its proposed natural gas liquefaction project on the sole basis that the emissions from the project (both the pretreatment facility and liquefaction facility, in the aggregate) were classified as a “major” source based only upon the project’s potential to emit greenhouse gas emissions levels. But for the project’s potential to emit levels of greenhouse gas emissions, the project would not have triggered Prevention of Significant Deterioration (“PSD”) review. The *UARG* decision described such sources as “not anyway” sources, while the *UARG Memo* refers to them as “Step 2” sources.

The following table summarizes the combined permitted emission levels of non-greenhouse gas emissions for the project authorized by air quality permits issued by the Texas Commission on Environmental Quality (“TCEQ”).

| Air Contaminant | Permitted Emission Levels (tons per year) |
|--|---|
| VOC | 24.96 |
| NO _x | 65.8 |
| SO ₂ | 24.8 |
| CO | 94.2 |
| PM/PM ₁₀ /PM _{2.5} | 87.2 |
| H ₂ SO ₄ | 2.04 |
| H ₂ S | 1.86 |
| NH ₃ | 74.62 |

This table shows that FLNG will not emit any regulated air pollutant that is subject to the National Ambient Air Quality Standard (“NAAQS”) above the 250 tons per year major source emissions threshold. As such, it is not a major source for purposes of PSD permitting. Because



FLNG is not a major source for any of the above-specified pollutants, FLNG is a Step 2 source as referenced in the *UARG* Memo.

Based upon the *UARG* decision and EPA's path forward as stated in the *UARG* Memo, we understand that Step 2 sources, such as our proposed project, no longer require a permit for greenhouse gas emissions, and EPA will cease processing all such permits, including Permit No. PSD-TX-1302-GHG. While FLNG sought transfer of its GHG Application to the TCEQ under EPA's proposed transition policy, that transfer was never effective as EPA has not, to date, approved the Texas GHG permitting program and transitioned GHG permitting authority to the State of Texas. As such, FLNG hereby certifies that its proposed natural gas liquefaction project is a Step 2 source based upon its permitted emissions levels and thus withdraws its application from EPA Region 6 for Permit No. PSD-TX-1302-GHG given its status as a Step 2 source. We have copied TCEQ on this correspondence so that it is also aware that our permit has been withdrawn.

We appreciate EPA's prompt action in moving forward after the Supreme Court's issuance of the *UARG* decision. If you have any questions or concerns regarding this request, please contact me at your convenience at 713-333-4271 or by email at mmallett@freeportlng.com.

Sincerely,

A handwritten signature in black ink that appears to read "Mark W. Mallett".

Mark W. Mallett, P.E.
Senior V.P. – Operations & Projects

cc: Jeff Robinson, Environmental Protection Agency
(*via email at* Robinson.Jeffrey@epamail.epa.gov)
Mike Wilson, Texas Commission on Environmental Quality
(*via email at* mike.wilson@tceq.texas.gov)