



United States Department of State

Washington, D.C. 20520

FEB 5 2014

Case No. F-2012-41006

Segment: WHA-0001

Mr. Robert Godfrey  
PO Box 222  
Eastport, ME 04631

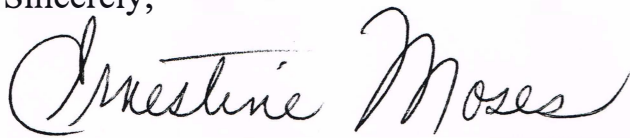
Dear Mr. Godfrey:

In response to your request dated December 4, 2012, under the Freedom of Information Act (Title 5 USC Section 552), we initiated searches of the following Department of State record systems: the Central Foreign Policy Records, the Bureau of Western Hemisphere Affairs and the Bureau of Economic and Business Affairs.

The search of the records of the Bureau of Western Hemisphere Affairs has been completed and has resulted in the retrieval of one document responsive to your request. After reviewing this document, we have determined that it may be released in full. All released material is enclosed.

We will keep you informed as your case progresses. If you have any questions, you may write to the Office of Information Programs and Services, SA-2, Department of State, Washington, DC 20522-8100, or telephone us at (202) 261-8484. Please be sure to refer to the case number shown above in all correspondence about this case.

Sincerely,

*for*   
Sheryl L. Walter, Director

Office of Information Programs and Services

Enclosures:

As stated.

# Quoddy Bay LNG

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Donald M. Smith  
President, Quoddy Bay LNG, LLC  
210 Park Ave. Suite 810  
Oklahoma City, OK 73102

RELEASED IN FULL

February 15, 2007

The Honorable Condoleezza Rice  
Secretary of State  
U.S. Department of State  
7th Floor, 2201 C Street, NW  
Washington, DC 20520

Dear Madame Secretary Rice,

As president of Quoddy Bay LNG, LLC I am very concerned that the Canadian Ambassador, Michael Wilson, stated in his recent letter to U.S. officials that Canada will not allow LNG vessels to transit Head Harbour Passage and other Canadian waters in order to reach our proposed project site in Washington County, ME. Quoddy Bay LNG has proposed to construct an LNG Import terminal on the Pleasant Point Reservation of the Passamaquoddy Tribe and in the Town of Perry, Maine. In December of 2006, Quoddy Bay submitted its application to the Federal Energy Regulatory Commission for its review. If approved, the FERC process will ensure that all safety, security, and environmental concerns relating to the Quoddy Bay Project will be addressed and mitigated.

Ambassador Wilson's letter not only makes assertions about the suitability of the waterway that have no basis in fact, but the letter takes a position that appears to be in direct contradiction to international law. The Canadian view of international law is clearly inconsistent with long standing treaty obligations and commercial usage of Head Harbour Passage. We regret that Canada is seeking to block badly needed LNG supplies from reaching U.S. gas consumers.

The Canadian Ambassador attributes many concerns about LNG traffic in the waterway to a study that, he contends, demonstrates navigation hazards. Canada has yet to release this study, did not allow Quoddy Bay or the public to participate in it, and more importantly conducted it without international participation. On the contrary, Quoddy Bay has conducted its own study of LNG vessels that would call on the facility. In July of 2006, local U.S. and Canadian pilots, who have worked on this waterway for decades, participated in LNG vessel simulations for this waterway. Also in attendance were representatives of the United States Coast Guard and Transport Canada. This simulation included the specific characteristics of the waterway and capabilities of the vessels that Quoddy Bay plans on having at its facility. All participants agreed that the simulation confirmed that with proper mitigations which Quoddy Bay has agreed to adopt, the waterway is suitable and safe for vessel traffic. This information was submitted to the FERC. The Canadian government should do the same and submit its study to FERC so that all interested persons – including Quoddy Bay – have an opportunity

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REVIEW AUTHORITY: Donna M. DiPaolo, Senior Reviewer

to review and respond. Unfortunately, the current position of Canada has circumvented the transparent and thorough FERC process.

Canada appears to have pre-judged the matter without giving Quoddy Bay an opportunity to complete the appropriate review process. From the Ambassador's statement it would appear under its laws that Canada can direct the result of applications before having the facts or giving the applicant an opportunity for a hearing. This denial of due process is contrary to the spirit and letter of the Free Trade Agreement entered into by the United States and Canada. By seeking to deny U.S. LNG developers fair treatment under international law, Canada no longer appears committed to the letter and spirit of the Free Trade Agreement.

We are confident that experts in the State Department on the Law of the Sea share our position.

Quoddy Bay and its officials have made continuous attempts to incorporate Canada in the review process of our project. Ambassador Wilson's letter is essentially the response we have received. We hope that you take all appropriate measures at your discretion to not only clarify the United States' position on this matter, but also ensure that international laws, and the spirit in which they are applied, are upheld.

Respectfully,



Donald M. Smith  
President, Quoddy Bay LNG, LLC

