

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

2006

MAY 22 2006

DOE/FE/NGR

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BG LNG SERVICES, LLC  
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FE DOCKET NO. 05-114-LNG

ORDER GRANTING LONG-TERM AUTHORIZATION TO  
IMPORT LIQUEFIED NATURAL GAS FROM  
THE REPUBLIC OF TRINIDAD AND TOBAGO

DOE/FE ORDER NO. 2199

MAY 22, 2006

## I. DESCRIPTION OF REQUEST

On December 9, 2005, BG LNG Services, LLC (BGLS) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),<sup>1/</sup> for authority to import up to 109 trillion British thermal units (TBTu) of liquefied natural gas (LNG) or LNG equivalent per year over a term of 20 years beginning on January 9, 2006, and extending through January 1, 2026. BGLS, a limited liability company organized under the laws of the State of Delaware, has its principal place of business in Houston, Texas. BGLS is a wholly-owned subsidiary of BG Group plc. BGLS proposes to purchase LNG from BG LNG Trading, LLC (BGLT) pursuant to their Master LNG Sale and Purchase Agreement and Confirmation Memorandums effective August 2, 2005. BGLT will purchase the LNG, subject to the terms of the Confirmation Memorandums, from Point Fortin LNG Exports Ltd. (PFLE). PFLE is located in the Republic of Trinidad and Tobago. The point of entry for the LNG into the United States will primarily be the LNG terminals located at Elba Island, Georgia and Lake Charles, Louisiana (the "LNG Terminal(s)").

Under the terms of the Master Agreement, the price BGLS will pay BGLT for the LNG it purchases is according to a formula based on sales proceeds received by BGLS and published price indices for natural gas. BGLS will pay a price for LNG delivered pursuant to either (i) the final settlement price for the New York Mercantile Exchange's Henry Hub natural gas futures contract for delivery during such month; or (ii) the average price for "Daily Price Survey...Louisiana-Onshore-South...Henry Hub...Midpoint" as published in *Platts Gas Daily*.

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<sup>1/</sup> 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary for Fossil Energy pursuant to Redelegation Order No. 00-002.04 (January 8, 2002).

Because the contract price for the LNG under the Importation Agreement is linked to the market price for natural gas, the LNG supply covered by the Importation Agreement will remain competitive for its duration. The requested authorization does not involve the construction of new LNG receiving facilities.

## II. FINDING

The application filed by BGLS has been evaluated to determine if the proposed import arrangement meets the public interest requirement of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), the import of LNG is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by BGLS to import LNG meets the section 3(c) criterion and, therefore, is consistent with the public interest.

## ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. BG LNG Services, LLC (BGLS) is authorized to import up to 101.4 billion cubic feet (Bcf) of liquefied natural gas (LNG) per year over a term of 20 years which began on January 9, 2006, and extends through January 1, 2026. This LNG will be imported from the Republic of Trinidad and Tobago.

B. This LNG may be imported at any LNG receiving facility in the United States and its territories.

C. **Monthly Reports:** With respect to the LNG imports authorized by this Order, BGLS shall file with the Office of Natural Gas Regulatory Activities, within 30 days following each

calendar month, a report indicating whether imports of LNG have been made. Monthly reports must be filed whether or not initial deliveries have begun. If no imports of LNG have been made, a report of "no activity" for that month must be filed. If imports of LNG have occurred, the report must give the following details of each LNG cargo: (1) the date of arrival at the U.S. receiving terminal; (2) the country of origin; (3) the name of the supplier/seller; (4) the name of the U.S. receiving terminal; (5) the name of the LNG tanker; (6) the volume in thousand cubic feet (Mcf); (7) the landed price per MMBtu at the point of import; (8) the duration of the supply agreement (indicate spot purchases); (9) the name(s) of the purchaser(s); and (10) the geographic market served (list states). [OMB No.: 1901-0294]

D. The first monthly report required by this Order is due not later than June 30, 2006, and should cover the reporting period May 1, 2006, through May 31, 2006.

E. **Quarterly Reports:** With respect to the imports of LNG authorized by this Order, BGLS will file with the Office of Natural Gas Regulatory Activities, within 30 days following each calendar quarter, reports indicating whether imports of LNG have been made. If imports of LNG have not been made, a report of "no activity" for that calendar quarter must be filed. If imports of LNG have occurred, BGLS must report the following details of each transaction: (1) the date of arrival at the U.S. receiving terminal; (2) the country of origin; (3) the name of the supplier/seller; (4) the name of the U.S. receiving terminal; (5) the name of the LNG tanker; (6) the volume in Mcf; (7) the landed price per MMBtu at the point of import; (8) the duration of the supply agreement (indicate spot purchases); (9) the name(s) of the purchaser(s); and (10) the geographic market served (list states). [OMB NO.: 1901-0294]

F. The first quarterly report required by this Order, is due not later than July 30, 2006, and should cover the period of the second calendar quarter, from April 1, 2006 through June 30, 2006.

G. The quarterly reports shall be filed with the Office of Natural Gas Regulatory Activities, Fossil Energy, FE-34, P.O. Box 44375, Washington, D.C. 20026-4375.

Issued in Washington, D.C., on May 22, 2006.



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R. F. Corbin  
Manager, Natural Gas Regulatory Activities  
Office of Oil and Gas Global Security and Supply  
Office of Fossil Energy