

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

APPLIED LNG TECHNOLOGIES USA, L.L.C.

FE DOCKET NO. 98-35-LNG

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS TO MEXICO

DOE/FE ORDER NO. 1389

MAY 29, 1998

I. DESCRIPTION OF REQUEST

On May 19, 1998, Applied LNG Technologies USA, L.L.C. (ALT) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act⁽¹⁾ (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to export liquefied natural gas (LNG) to Mexico over a two-year term beginning on the date of first export delivery. ALT is a Delaware limited liability corporation with its principal place of business in Amarillo, Texas. ALT is in the business of buying, transporting and selling LNG.

Under the instant export proposal, ALT plans on exporting up to 86,000 gallons of LNG per day, or 62,780,000 gallons (approximately 5.2 billion cubic feet) over a two-year period. ALT states that it plans on purchasing the LNG for export from LNG plants owned and operated by Exxon U.S.A., Williams Field Services and El Paso Natural Gas. ALT plans on transporting the LNG by truck and selling it to various industrial and manufacturing facilities that use natural gas in their operations under spot and short-term sales arrangements. The requested authorization does not involve the construction of any new facilities.

II. FINDING

The application filed by ALT has been evaluated to determine if the proposed export 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 or export of natural gas from or to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by ALT to export natural gas to Mexico, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest. This blanket order authorizes transactions under contracts with terms of no longer than two years.

ORDER

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

A. Applied LNG Technologies USA, L.L.C. (ALT) is authorized to export up to 62.8 million gallons (approximately 5.2 billion cubic feet) of liquefied natural gas (LNG) to Mexico over a two-year term beginning on the date of first export delivery. This natural gas may be exported at any United States/Mexico border point.

B. Within two weeks after deliveries begin, ALT shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities of the date that the first export of LNG, authorized in Ordering Paragraph A above, occurred.

C. With respect to the natural gas exports authorized by this Order, ALT shall file with the Office of Natural Gas & Petroleum Import and Export Activities, within 30 days following each calendar quarter, quarterly reports indicating whether exports of LNG have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no exports have been made, a report of "no activity" for that calendar quarter must be filed. If exports have occurred, ALT must report monthly the following: (1) total volumes in Mcf; (2) the average sales price of the LNG per MMBtu at the international border; (3) the source(s) of the LNG; (4) the name of the purchaser(s); (5) the estimated or actual duration of the agreement(s); (6) the number of trucks used; and (7) the point(s) of exit.

D. The notification and reports required by Ordering Paragraphs B and C of this Order shall be filed with the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3E-042, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585.

E. The first quarterly report required by Ordering Paragraph C of this Order is due not later than July 30, 1998, and should cover the period from the date of this Order until the end of the second calendar quarter, June 30, 1998.

Issued in Washington, D.C., on May 29, 1998.

John W. Glynn

Manager, Natural Gas Regulation

Office of Natural Gas & Petroleum

Import and Export Activities

Office of Fossil Energy

1. 1/ 15 U.S.C. § 717b.