

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

FERRELL INTERNATIONAL LIMITED

FE DOCKET NO. 98-80-LNG

ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT LIQUEFIED NATURAL GAS

DOE/FE ORDER NO. 1428

OCTOBER 29, 1998

I. DESCRIPTION OF REQUEST

On October 19, 1998, Ferrell International Limited (FI) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)⁽¹⁾ and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to import up to 45 Bcf of liquefied natural gas (LNG) from any foreign country with which trade in LNG has not been prohibited. The term of the proposed import authorization would be for two years beginning on the date of the first delivery.

FI, a United Kingdom limited corporation with its principal place of business in London, United Kingdom, is engaged in the purchase, sale, and transportation of liquid petroleum products and natural gas. It is a wholly-owned subsidiary of Ferrell International Limited Trading, Inc., which is a United States Subchapter S corporation.

This LNG would be imported by FI under short-term purchase arrangements, either on its own behalf or as the agent for others. The regassified LNG would be sold on a short-term or spot market basis to pipeline companies, distribution companies, marketers, and/or end-use consumers. The requested authorization does not involve the construction of new LNG receiving terminal facilities or natural gas pipeline facilities.

II. FINDING

The application filed by FI 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 from countries with which trade in LNG has not been prohibited is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by FI to import LNG 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. Ferrell International Limited (FI) is authorized to import up to 45 Bcf of liquefied natural gas (LNG) from any foreign country over a two-year term beginning on the date that the first shipment of LNG is delivered. This LNG may be imported at any LNG receiving terminal in the United States and its territories.

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

C. With respect to the LNG imports authorized by this Order, FI shall file, within 30 days following each calendar quarter, quarterly reports indicating whether imports of LNG have been made. If no imports of LNG have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, FI must report by month: (1) the total volume of imports in Mcf and MMBtu; (2) the country of origin; (3) the name of the seller(s); (4) the names of the transporters, including the name of the LNG tankers used; (5) the geographic market(s) served (by state); (6) the average landed cost per MMBtu at the point of import; (7) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price, if applicable. The reports shall also include the monthly volumes in Mcf taken by each of FI's customers.

D. The notification and reports described in Ordering Paragraph 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 January 30, 1999, and

should cover the period from the date of this Order, until the end of the fourth calendar quarter, December 31, 1998.

Issued in Washington, D.C., on October 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.