

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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SONAT ENERGY SERVICES COMPANY ) FE DOCKET NO. 99-93-LNG  
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ORDER GRANTING LONG-TERM AUTHORIZATION TO  
IMPORT LIQUEFIED NATURAL GAS FROM TRINIDAD AND TOBAGO

DOE/FE ORDER NO. 1549

DECEMBER 8, 1999

## I. DESCRIPTION OF REQUEST

On November 8, 1999, Sonat Energy Services Company (SES) 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> and DOE Delegation Order Nos. 0204-111 and 0204-127, for authorization to import liquefied natural gas (LNG) from Trinidad and Tobago. SES proposes to import up to 82 billion cubic feet (Bcf) of LNG per year over a term of 22 years. SES, a Delaware corporation, with its principal place of business in Birmingham, Alabama, is a wholly-owned subsidiary of El Paso Energy Corporation. SES is primarily a holding company with interests in companies engaged in, among other things, gas marketing, power marketing, and power development.

SES will be purchasing the LNG from the North Coast Marine Area of Trinidad from a group of partners composed of British Gas Trinidad and Tobago Limited, AGIP Trinidad and Tobago Limited, Veba Oil & Gas Trinidad GmbH, and Petroleum Company of Trinidad and Tobago Limited (collectively "NCMA Partners"), no earlier than October 2002, and no later than October 2003. The LNG will be received at the facilities of Southern LNG Inc. on Elba Island in Savannah, Georgia. Transport from the Elba Island facilities will be through the interstate pipeline of Southern Natural Gas Company. SES intends to market the gas throughout the southeastern United States.

Key provisions of an agreement in principle between SES and the NCMA Partners include an obligation for SES to take-or-pay for the annual contract quantity of 82 Bcf, a five-year make-up period, and market pricing. SES will advise DOE of modifications to these provisions and will submit to DOE a final LNG agreement after its execution.

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<sup>1/</sup> 15 U.S.C. § 717b.

In July 1999, Southern LNG Inc., an affiliate of SES, filed a related, and pending, application with the Federal Energy Regulatory Commission (Docket Nos. CP99-579-000, et al.). For authority under sections 3 and 7 of the NGA to re-commission the LNG marine terminalling facilities on Elba Island and to use those facilities to import the LNG.

## II. FINDING

The application filed by SES 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 SES 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. Sonat Energy Services Company (SES) is authorized to import up to 82 billion cubic feet of liquefied natural gas (LNG) per year from Trinidad and Tobago over a period of 22 years beginning on the date of the first delivery, in accordance with final supply agreement with the MCNA Partners (SES British Gas Trinidad and Tobago Limited, AGIP Trinidad and Tobago Limited, Veba Oil & Gas Trinidad GmbH, and Petroleum Company of Trinidad and Tobago Limited) and authorizations of the Federal Energy Regulatory Commission, in Docket Nos. CP99-579-000 et al..

B. SES shall file with the Office of Natural Gas & Petroleum Import & Export Activities, within two weeks of its execution, a copy of the final supply agreement with the MCNA Partners.

C. SES shall file with the Office of Natural Gas & Petroleum Import & Export Activities, on a semi-annual basis, written reports describing the progress of the planned LNG import project. The reports shall be filed on April 1 and October 1 of each year, and shall include information on the status of the LNG supply contracts, the progress in the re-commissioning of the Elba Island facilities, including the estimated commercial start-up date of those facilities.

D. Within two weeks after deliveries begin, SES shall provide written notification of the date that the first import of LNG authorized in Ordering Paragraph A above occurred.

E. With respect to the LNG imports authorized by this Order, SES shall file, within 30 days following each calendar quarter, reports indicating whether imports of LNG have been made. Quarterly 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 calendar quarter must be filed. If imports have occurred, SES must provide the total monthly volume in Mcf and MMBtu; transporters, including the name of the LNG tankers used; name(s) of the purchasers; and the average landed price of gas per MMBtu at the point of import. The monthly price information shall itemize separately the monthly demand and commodity charges. [OMB No.: 1901-0294]

F. The first quarterly report required by Ordering Paragraph E is due not later than 30 days after the calendar quarter in which the first import occurs, and should cover the period from the date of the first import until the end of the calendar quarter in which the import occurs.

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

Issued in Washington, D.C., on December 8, 1999.

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Office of Natural Gas & Petroleum  
Import & Export Activities  
Office of Fossil Energy