

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

CORAL LNG, INC.)
_____)

FE DOCKET NO. 00-16-LNG

ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT LIQUEFIED NATURAL GAS

DOE/FE ORDER NO. 1575

MARCH 20, 2000

I. DESCRIPTION OF REQUEST

On March 16, 2000, Coral LNG, Inc. (Coral) filed an application with the Office of Fossil Energy (FE) 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 400 Bcf annually of liquefied natural gas (LNG), and additional gas for fuel and other transportation use. The term of the authorization would be for two years beginning on the date of delivery of the first shipment. Coral, a Delaware corporation with its principal place of business in Houston, Texas, is a marketer of LNG and a direct subsidiary of Shell Oil Company. Coral asserts the LNG would be imported from various international sources to existing receiving facilities in the United States. Each LNG import transaction would be on a spot or short-term basis for resale to customers either in its landed, liquid state or after it has been regassified.

II. FINDING

The application filed by Coral 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 importation of LNG is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Coral to import LNG meets the section 3(c) criterion and, therefore, is consistent with the public interest. This blanket order authorizes transactions under gas purchase contracts with terms of no longer than two years. Consistent with our treatment of similar blanket applications, there will be no restriction on the annual volumes that may be imported. The absence of an annual volume limit maximizes the

^{1/} 15 U.S.C. § 717b.

flexibility of spot market importers and exporters to provide gas supplies to meet customer demand.

ORDER

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

A. Coral NG, Inc. (Coral) is authorized to import up to 800 Bcf of liquefied natural gas (LNG) from various international sources over a two-year term beginning on the date of the first delivery. This LNG may be imported at any receiving facility in the United States.

B. Within two weeks after deliveries begin, Coral shall provide written notification 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, Coral shall file within 30 days following each calendar quarter, reports indicating whether imports 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, Coral must report, by month, the following information: (1) the total volume of imports in Mcf and MMBtu; (2) the country of origin; (3) the name(s) of the seller(s); (4) the point(s) of entry; (5) the name(s) of the LNG tankers used; (6) the estimated or actual duration of the agreements; (7) the geographic market(s) served; (8) the average landed cost per MMBtu at the point of import; and (9) the per unit (MMBtu) demand/commodity charge breakdown of the price, if applicable. The reports shall also include the monthly volumes in Mcf taken by each of Coral's customers.

D. The notice and reports required by Ordering Paragraphs B and C 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.

E. The first quarterly report required by Ordering Paragraph C of this Order is due not later than April 30, 2000, and should cover the period from the date of this Order until the end of the first calendar quarter, March 31, 2000.

Issued in Washington, D.C., on March 20, 2000.

John W. Glynn
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy