

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

BG LNG SERVICES, INC.)
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FE DOCKET NO. 01-47-LNG

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT LIQUEFIED NATURAL GAS

DOE/FE ORDER NO. 1710

OCTOBER 2, 2001

I. DESCRIPTION OF REQUEST

On September 7, 2001, BG LNG Services, Inc. (BG LNG) 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 400 Bcf of liquefied natural gas (LNG) from various international sources. The authorization would be for a two-year term beginning on the date that BG LNG's first shipment arrives by tanker. BG LNG is a Delaware corporation with its principal place of business in Houston, Texas, and a wholly-owned subsidiary of BG Group plc whose principal place of business is Reading, Berkshire, England. BG LNG intends to engage in the business of importing LNG produced by affiliated and non-affiliated companies. BG LNG plans to import the LNG to Lake Charles, Louisiana, and to other existing receiving facilities under short-term and spot-market arrangements on its own behalf or on behalf of others. The proposed authorization does not involve the construction of new pipeline or LNG facilities.

II. FINDING

The application filed by BG LNG has been evaluated to determine if the proposed LNG 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 BG LNG to import LNG from various sources meets the section 3(c)

^{1/} 15 U.S.C. § 717b.

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. BG LNG Services, Inc. (BG LNG) is authorized to import up to 400 Bcf of liquefied natural gas (LNG) from various sources over a two-year term beginning on the date of first delivery.

B. This LNG may be imported at any existing receiving facility.

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

D. With respect to the LNG imports authorized by this Order, BG LNG shall file with the Office of Natural Gas & Petroleum Import & Export Activities, 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 LNG imports have not been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, BG LNG must report the following: (1) the country of origin; (2) total monthly volumes in Mcf and MMBtu; (3) the name of the seller(s); (4) the point(s) of entry; (5) the name(s) of the LNG tanker used; (6) the estimated or actual duration of the agreement(s); (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/reservation charge breakdown of the contract price. The reports shall also include the monthly volumes in Mcf taken by each of BG LNG's customers. [OMB NO.: 1901-0294]

E. The notification and reports required by Ordering Paragraphs C and D 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.

F. The first quarterly report required by Ordering Paragraph D of this Order is due not later than January 30, 2002, and should cover the period from the date of this Order until the end of the fourth calendar quarter, December 31, 2001.

Issued in Washington, D.C., on October 2, 2001.

Thomas W. Dukes
Acting Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy