

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

EL PASO MERCHANT ENERGY, L.P.)
(Formerly El Paso Merchant)
Energy-Gas,) L.P.)

FE DOCKET NO. 02-84-LNG

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT LIQUEFIED NATURAL GAS

DOE/FE ORDER NO. 1832

DECEMBER 2, 2002

I. DESCRIPTION OF REQUEST

On November 21, 2002, El Paso Merchant Energy, L.P. (El Paso Merchant) 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/}, for blanket authorization to import up to 200 billion cubic feet (Bcf) of liquefied natural gas (LNG), from various international sources. The authorization would be for a two-year term beginning on December 31, 2002,^{2/} and extending through December 30, 2004. El Paso Merchant, a Delaware limited partnership located in Houston, Texas, is a major U.S. marketer and broker of natural gas to local distribution companies, other marketing companies and end-users. It is a wholly-owned subsidiary of El Paso Energy Corporation. El Paso Merchant asserts that the LNG will be imported under short-term and market responsive arrangements from various international suppliers to existing receiving facilities in the United States.

II. FINDING

The application filed by El Paso Merchant 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 El Paso Merchant to import LNG from various international sources 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:

^{1/} 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary for Fossil Energy pursuant to Redefinition Order No. 00-002.4 (January 8, 2002).

^{2/} El Paso Merchant's current blanket authority, which had originally been issued to El Paso Merchant Energy-Gas, L.P., expires December 30, 2002, granted by DOE/FE Order No. 1653 dated November 21, 2000, (2 FE ¶ 70,578).

A. El Paso Merchant Energy, L.P. (El Paso Merchant) is authorized to import up to 200 Bcf of liquefied natural gas (LNG), from various international sources.

B. The authority is for a two-year term beginning on December 31, 2002, and extending through December 30, 2004.

C. This natural gas may be imported at any existing receiving facility in the United States or its territories.

D. With respect to the LNG imports authorized by this Order, El Paso Merchant 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 no imports of LNG have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, El Paso Merchant must report the following: (1) the country of origin; (2) total volumes in Mcf and MMBtu; (3) the name of the seller(s); (4) the name of the purchaser(s); (5) the estimated or actual duration of the agreement(s); (6) the name(s) of the LNG tanker(s) used; (7) the point(s) of entry (8) the geographic market(s) served (by State); (9) the average

landed cost per MMBtu at the point of import; and (10) the per unit (MMBtu) demand/commodity/reservation charge breakdowns of the contract price.

[OMB NO.: 1901-0294]

E. The quarterly reports required by 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 this Order is due not later than April 30, 2003, and should cover the period from January 1, 2003, through the end of the first calendar quarter, March 31, 2003.

Issued in Washington, D.C., on December 2, 2002.

Clifford P. Tomaszewski
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