

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

BG LNG SERVICES, LLC

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FE DOCKET NO. 03-76-LNG

ORDER GRANTING LONG-TERM AUTHORIZATION
TO IMPORT LIQUEFIED NATURAL GAS FROM THE
FEDERAL REPUBLIC OF NIGERIA

DOE/FE ORDER NO. 1932

DECEMBER 30, 2003

I. DESCRIPTION OF REQUEST

On November 3, 2003, BG LNG Services, LLC (BGLS) 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 authorization to import up to 2,600 TBtus of liquefied natural gas (LNG) over a 20-year term under the BGLS LNG Sales and Purchase Agreement (Agreement) with Nigeria LNG Limited (Nigeria LNG), dated October 13, 2003. The term of the authority is for 20 years tentatively scheduled to begin on July 1, 2005, but not to be later than June 30, 2006. BGLS is a limited liability company under the laws of Delaware, and has its principal place of business in Houston, Texas, and is a wholly-owned subsidiary of the BG Group, Inc. BGLS proposes to import LNG purchased from a liquefaction plant located on Bonny Island in the Federal Republic of Nigeria. The proposed LNG import would enter the United States at the facilities located at Lake Charles, Louisiana, but an alternative delivery point for the LNG might be designated by BGLS.

Under the Agreement, BGLS will pay Nigeria LNG an amount based on the final settlement price for the NYMEX Henry Hub futures contract for the relevant month. Further, BGLS must take or pay for the LNG, but accrues a right to make up LNG paid for but not taken. Because the contract price for the LNG is linked to the market price for natural gas, the LNG supply covered by the Agreement will remain competitive for its duration. The requested authorization does not involve the construction of new LNG receiving facilities.

II. FINDING

The application 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

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

BGLS to import LNG from the Federal Republic of Nigeria 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. BG LNG Services, LLC (BGLS) is authorized to import up to 2,600 TBtus of liquefied natural gas (LNG) over a 20-year term under the terms of its LNG Sales and Purchase Agreement with Nigeria LNG Limited.

B. The term of the authority will be for 20 years to begin on July 1, 2005, but not later than June 30, 2006.

C. BGLS shall notify the Office of Natural Gas & Petroleum Import and Export Activities in writing of the exact date that deliveries begin.

D. This LNG may be imported at the Lake Charles, Louisiana, facility or any LNG receiving facility in the United States and its territories.

E. With respect to the LNG imports authorized by this Order, BGLS 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, the report must give the details of each transactions: (1) total monthly volumes in thousand cubic feet (Mcf) and million British thermal units (MMBtu); (2) the name of the purchaser(s); (3) the point(s) of entry; (4) the name(s) of the LNG tanker; (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/demurrage rate charge breakdown of the contract price; and, if applicable, (8) the monthly volumes in Mcf taken by each of BGLS's customers. [OMB NO.: 1901-0294]

F. The first quarterly report required by this Order is due not later than January 30, 2004, and should cover the period from the date of this Order until the end of the fourth calendar quarter, December 31, 2003.

G. The notification and reports required by this Order shall be filed with the U.S. Department of Energy, Office of Natural Gas & Petroleum Import & Export Activities, FE-34, P.O. Box 44375, Washington, D.C. 20026-4375.

Issued in Washington, D.C., on December 30, 2003.

Clifford P. Tomaszewski
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy