

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

SHELL NA LNG LLC

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FE DOCKET NO. 04-42-LNG

ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT LIQUEFIED NATURAL GAS

DOE/FE ORDER NO. 1974

APRIL 16, 2004

I. DESCRIPTION OF REQUEST

On April 9, 2004, Shell NA LNG LLC (Shell NA) 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/} for an authorization to import up to 800 billion cubic feet (Bcf) of liquefied natural gas (LNG) from various international sources over a two-year term beginning on April 29, 2004, and extending through April 28, 2006. Shell NA, a Delaware corporation with its principal place of business in Houston, Texas, is an indirect subsidiary of Shell Oil Company. Shell NA will import the LNG under spot or short-term purchase arrangements. The proposed authorization does not involve the construction of new pipeline or LNG receiving facilities.

II. FINDING

The application filed by Shell NA 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 Shell NA to import LNG is consistent with the public interest and this blanket order authorizes transactions under contracts with terms of no longer than two years.

^{1/} 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary for Fossil Energy pursuant to Redelegation Order No. 00-002.04 (January 8, 2002).

ORDER

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

A. Shell NA LNG LLC (Shell NA) is authorized to import up to 800 billion cubic feet (Bcf) of liquefied natural gas (LNG) from various international sources over a two-year term beginning on April 29, 2004, and extending through April 28, 2006. This LNG may be imported at any receiving facility in the United States, or its territories.

B. With respect to the LNG imports authorized by this Order, Shell NA 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. If no imports of LNG have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, Shell NA must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu at the international border. The reports shall also provide the details of each transaction, including: (1) the country of origin; (2) the name(s) of the seller(s); (3) the name of the purchaser(s); (4) the estimated or actual duration of the agreements; (5) the name(s) of the LNG tanker(s) used; (6) the point(s) of entry; (7) the geographic market(s) served; (8) whether sales are being made on an interruptible or firm basis; and if applicable (9) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

[OMB No.: 1901-0294]

C. The reporting requirements described in Ordering Paragraph B 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.

D. The first quarterly report required by Ordering Paragraph B of this Order is due not later than July 30, 2004, and should cover the period from April 29, 2004, until the end of the second calendar quarter, June 30, 2004.

Issued in Washington, D.C., on April 16, 2004.

Sally Kornfeld
Acting Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy