

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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BG LNG SERVICES, LLC  
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FE DOCKET NO. 06-02-LNG

ORDER GRANTING LONG-TERM AUTHORIZATION TO  
IMPORT LIQUEFIED NATURAL GAS FROM  
VARIOUS INTERNATIONAL SOURCES

DOE/FE ORDER NO. 2284

NOVEMBER 17, 2006

## I. DESCRIPTION OF REQUEST

On January 6, 2006, 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),<sup>1/</sup> for authority to import up to 25.6 trillion British thermal units (approximately 25.09 Bcf) of liquefied natural gas (LNG) or LNG equivalent per year over a term of 5 years beginning on February 5, 2006. BGLS, a limited liability company organized under the laws of the State of Delaware, has its principal place of business in Houston, Texas. BGLS is a wholly-owned subsidiary of BG Group plc. BGLS proposes to purchase LNG from BG LNG Trading, LLC (BGLT) pursuant to their Master LNG Sale and Purchase Agreement and Confirmation Memorandums executed on August 2, 2005. Subject to the terms of the Confirmation Memorandum, BGLT will acquire the LNG from Mitsubishi International Corporation (Mitsubishi). The LNG will come from various international sources. The point of entry for the LNG into the United States will primarily be the LNG terminalling, storage and vaporization facilities located on Elba Island, in the vicinity of Savannah, Georgia and at the Lake Charles Terminal in Lake Charles, Louisiana (the "LNG Terminal(s)").

Under the terms of the Master Agreement, the price BGLS will pay BGLT for the LNG it purchases is according to a formula based on sales proceeds received by BGLS and published

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<sup>1/</sup> 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary for Fossil Energy pursuant to Redefinition Order No. 00-002.04B (September 23, 2005).

price indices for natural gas. The price BGLS will pay BGLT for the LNG it purchases under the Master Agreement is a formula based on sales proceeds received by BGLS and published price indices for natural gas. BGLS will pay a price for LNG delivered pursuant to either (i) the final settlement price for the New York Mercantile Exchange's Henry Hub natural gas futures contract for delivery during such month; or (ii) the average price for "Daily Price Survey...Louisiana-Onshore-South...Henry Hub...Midpoint" as published in *Platts Gas Daily*. Because the contract price for the LNG under the Agreement is linked to published natural gas price indices, the price of LNG supplied during the term of the Confirmation Memorandum will remain competitive. 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 and export of natural gas from and to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas and the import of LNG are deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by BGLS to import LNG 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 25.6 trillion British thermal units (approximately 25.09 billion cubic feet) of liquefied natural gas (LNG) or LNG equivalent per year over a term of 5 years which began on February 5, 2006 and will extend through February 4, 2011. This LNG will be imported from various international sources.

B. This LNG will be delivered to the LNG terminal and related facilities located on Elba Island, in the vicinity of Savannah, Georgia, and at the Lake Charles Terminal in Lake Charles, Louisiana.

C. **Monthly Reports:** With respect to the LNG imports authorized by this Order, BGLS shall file with the Office of Natural Gas Regulatory Activities, within 30 days following the last day of each calendar month, a report indicating whether imports of LNG have been made. BGLS shall also file monthly reports dating back to February 5, 2006, which is the effective date of this authorization. Monthly 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 month must be filed. If imports of LNG have occurred, the report must give the details of each LNG cargo: (1) the date of arrival at the U.S. receiving terminal; (2) the country of origin; (3) the name of the supplier/seller; (4) the name of the U.S. receiving terminal; (5) the name of the LNG tanker; (6) the volume in thousand cubic feet (Mcf) and million British thermal units (MMBtu); (7) the landed price per MMBtu at the point of import; (8) the duration of the supply agreement (indicate spot purchases); (9) the name(s) of the purchaser(s); and (10) the geographic market served (list States). [OMB NO.: 1901-0294]

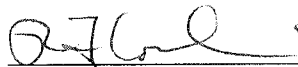
D. The first monthly report required by this Order is due not later than December 30, 2006, and should cover the reporting period from November 1, 2006 through November 30, 2006, as well as for each previous month dating back to February 5, 2006.

E. **Quarterly Reports:** With respect to the LNG imports authorized by this Order, BGLS shall file with the Office of Natural Gas Regulatory Activities, within 30 days following each calendar quarter, reports indicating whether imports of LNG have been made. BGLS shall also file quarterly reports dating back to February 5, 2006, which is the effective date of this authorization. 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 of LNG have occurred, the report must give the details of each LNG cargo: (1) the date of arrival at the U.S. receiving terminal; (2) the country of origin; (3) the name of the supplier/seller; (4) the name of the U.S. receiving terminal; (5) the name of the LNG tanker; (6) the volume in Mcf and MMBtu; (7) the landed price per MMBtu at the point of import; (8) the duration of the supply agreement (indicate spot purchases); (9) the name(s) of the purchaser(s); (10) the geographic market served (list States). [OMB NO.: 1901-0294]

F. The first quarterly report required by this Order is due not later than January 30, 2006, and should cover the period for the fourth calendar quarter, from October 1, 2006 through December 31, 2006, as well as for each previous quarter dating back to February 5, 2006.

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

Issued in Washington, D.C., on November 17, 2006.



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R. F. Corbin  
Manager, Natural Gas Regulatory Activities  
Office of Oil and Gas Global Security and Supply  
Office of Fossil Energy