

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

BG LNG SERVICES, LLC

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FE DOCKET NO. 08-64-LNG

ORDER GRANTING LONG-TERM AUTHORIZATION TO
IMPORT LIQUEFIED NATURAL GAS FROM
THE REPUBLIC OF TRINIDAD AND TOBAGO

DOE/FE ORDER NO. 2527

AUGUST 14, 2008

I. DESCRIPTION OF REQUEST

On July 11, 2008, 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 authority to import up to 75.6 trillion British thermal units of liquefied natural gas (LNG) or the LNG equivalent per year over a term of 19 years beginning on September 1, 2008. 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 an executed Amended and Restated Master LNG Sale and Purchase Agreement (Master Agreement) and a Memorandum to the Master Agreement (Confirmation Memorandum) dated January 1, 2007. The term of the Confirmation Memorandum will commence with the date of the first delivery after the effective date of the authorization granted by DOE. BGLT will purchase the LNG, subject to the terms of a separate Confirmation Memorandum with BG Gas Marketing, Ltd. (BGGM). BGGM will purchase the LNG from BG Gas Supply Trinidad Limited in the Republic of Trinidad and Tobago pursuant to a contract dated December 15, 2005. The point of entry 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 or such other approved LNG terminals as may be constructed in the future (the "LNG Terminal(s)").

^{1/} 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).

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 natural gas index prices appropriate for each receiving terminal. The price BGLS will pay 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 for cargoes included on the unloading schedule as of the 15th day of the month preceding delivery and delivered within seven days after commencement of its arrival window; or (ii) a price agreed to between BGLS and BGLT for all other cargoes. The price may also include an allocation of fixed and variable terminal costs. 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. BGLS is authorized to import up to 75.6 trillion British thermal units of LNG or the LNG equivalent per year over a term of 19 years beginning September 1, 2008, and extending through August 31, 2027. This LNG will be imported from the Republic of Trinidad and Tobago.

B. This LNG may be imported at any LNG receiving facility in the United States and its territories.

C. **Monthly Reports:** With respect to the import of LNG authorized by this Order, BGLS shall file a report with the Office of Natural Gas Regulatory Activities within 30 days following the last day of each calendar month indicating whether imports of LNG have been made. Monthly reports shall be filed whether or not initial deliveries have begun. If imports have not occurred, a report of “no activity” for that month must be filed. If imports of LNG have occurred, the report must give the following details of each LNG cargo: (1) the name of the U.S. receiving terminal; (2) the name of the LNG tanker; (3) the date of arrival at the U.S. receiving terminal; (4) the country of origin; (5) the name of the supplier/seller; (6) the volume in thousand cubic feet (Mcf); (7) the landed price per million British thermal units (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 State(s), U.S. Census Region(s), or general U.S. geographic area(s)). [OMB No. 1901-0294]

D. The first monthly report required by this Order is due not later than October 30, 2008, and should cover the reporting period from September 1, 2008 through September 30, 2008.

E. All monthly report filings shall be made to U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Natural Gas Regulatory Activities, P.O. Box 44375, Washington, D.C. 20026-4375 Attention: Ms. Yvonne Caudillo. Alternatively, reports may be e-mailed to Ms. Caudillo at Yvonne.caudillo@hq.doe.gov or ngreports@hq.doe.gov, or may be faxed to Ms. Caudillo at (202) 586-6050.

Issued in Washington, D.C., on August 14, 2008.



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