

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. 04-40-LNG

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

DOE/FE ORDER NO. 1975

APRIL 16, 2004



## I. DESCRIPTION OF REQUEST

On March 26, 2004, 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 authorization to import up to 25,600,000 million British thermal units (MMBtu) per year of liquefied natural gas (LNG) over a 5-year term under a Sales and Purchase Agreement (Agreement) with Mitsubishi International Corporation (Mitsubishi) dated July 20, 2003. The Agreement has an initial term of five years which commenced on November 1, 2003,<sup>2/</sup> which term the parties may extend by one or more years. BGLS anticipates that the first delivery of LNG under this docket will take place on May 26, 2004. BGLS, a limited liability company under the laws of Delaware has its principal place of business in Houston, Texas.

BGLS asserts that Mitsubishi will acquire the LNG from various international sources and, although an alternative delivery point for the LNG might be designated by BGLS, the LNG generally will enter the United States at the facilities located at Lake Charles, Louisiana. Under the Agreement, BGLS will pay Mitsubishi a price based on the NYMEX Henry Hub (natural gas) contract price. The requested authorization does not involve the construction of new LNG receiving facilities.

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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. 00-002.4 (January 8, 2002).

<sup>2/</sup> BGLS currently is using its blanket authority to import LNG under DOE/FE Order No. 1947, FE Docket No. 04-15-LNG granted February 18, 2004 (unpublished).

## 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 BGLS to import LNG from various sources 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 25,600,000 million British thermal units (MMBtu) per year of liquefied natural gas (LNG) over a 5-year term under the terms of its July 20, 2003, LNG Sales and Purchase Agreement with Mitsubishi International Corporation.

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

C. 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 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 and demurrage rate charge breakdown of the contract price; and, if applicable, (8) the monthly volumes in Mcf taken by each of BGLS's customer.

[OMB NO.: 1901-0294]

D. The first quarterly report required by this Order is due not later than July 30, 2004, and should cover the period from May 26, 2004, until the end of the second calendar quarter, June 30, 2003.

E. 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 April 16, 2004.

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Sally Kornfeld  
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Office of Natural Gas & Petroleum  
Import & Export Activities  
Office of Fossil Energy