SUMMARY

The Office of Natural Gas and Petroleum Import and Export Activities prepares quarterly reports summarizing the data provided by companies authorized to import or export natural gas. Companies are required, as a condition of their authorizations, to file quarterly reports. This report is for the first quarter of 1998 (January through March).

Attachment A shows the percentage of takes to maximum firm contract levels and the weighted average per unit price for each of the long-term importers during the five most recent reporting quarters.

Attachment B shows volumes and prices of gas purchased by long-term importers and exporters during the past 12 months.

Attachment C shows volume and price information pertaining to gas imported on a short-term or spot market basis.

Attachment D shows the gas exported on a short-term or spot market basis to Canada and Mexico.

First Quarter Highlights: Exports to Mexico dramatically increased by 115 percent compared to the first quarter of 1997. Even though the Clint, Texas export point on the Samalayuca Pipeline has only been in operation since December 1997, it has quickly become the leading export point to Mexico. During the first quarter of 1998, over 5.6 Bcf was exported at Clint, making up nearly half of all the Mexican exports for the quarter (11.6 Bcf). Gas exported at Clint mostly supplies the Samalayuca Power Plant near Ciudad Juarez, Mexico. Pemex markets any remaining volumes in Ciudad Juarez and Chihuahua City.

Two new long-term contracts were activated during the first quarter. Under one of these new contracts, Tenaska Washington Partners, L.P., will import up to 50,000 Mcf per day of Canadian natural gas at Sumas, Washington. The gas will be used to fuel Tenaska's 245-megawatt cogeneration facility located in Whatcom County, Washington. The electricity produced by this cogeneration facility will be sold to Puget Sound Energy. This new long-term contract replaces three Tenaska Gas Company long-term contracts. Under the other new contract, Enron Capital and Trade Resources Corporation will import up to 15,000 Mcf per day at Waddington, New York. The gas will be part of Enron's supply portfolio, serving Enron's markets in the Northeast. Enron had been inadvertently reporting these volumes under its short-term import authorization.

First Quarter Data: Long-term imports for the quarter totaled 373.4 Bcf, which is slightly lower than the first quarter of 1997 (373.8 Bcf). Long-term Canadian imports totaled 351.0 Bcf, which is also lower than the first quarter of 1997 (356.8 Bcf). The average price of this gas was $2.20 per MMBtu, which was 48 cents or 18 percent less than the preceding quarter ($2.68). Under other long-term import arrangements, Distrigas Corporation imported 17.8 Bcf of Algerian LNG at an average landed price of $2.84 per MMBtu and Duke Energy LNG Sales, Inc. imported 4.6 Bcf of Algerian LNG at $2.00 per MMBtu (tailgate price).

During the second quarter, 95 companies used **short-term authorizations to import** 416.4 Bcf of gas. This volume represents a 4 percent increase compared to the short-term imports of the first quarter of 1997 (402 Bcf). Of the total imported this quarter, 410.5 Bcf was imported from Canada at an average price of $1.73 per MMBtu (compared to $2.07 per MMBtu in the fourth quarter), and 3.3 Bcf was imported from Mexico at an average price of $1.97 per MMBtu. Under short-term LNG import contracts, Distrigas imported 2.2 Bcf from Australia at $3.45 per MMBtu and Duke imported 0.4 Bcf from Algeria at $2.09 per MMBtu.

Approximately 40 percent of the **short-term Canadian imports** occurred at Eastport, Idaho, at an average price of $1.44 per MMBtu; 18 percent at Sumas, Washington, at $1.57 per MMBtu; 16 percent at Port of Morgan, Montana, at $1.85 per MMBtu; 14 percent at Noyes, Minnesota, at $2.09 per MMBtu; 5 percent at Niagara Falls, New York, at $2.51 per MMBtu; 2 percent at Waddington, New York, at $2.39 per MMBtu; and 5 percent at various other entry points, at $2.21 per MMBtu.

In addition, 30 **short-term export** authorizations were used, exporting a total of 26.8 Bcf of gas. Seven authorizations were used to export 15.2 Bcf to Canada, at an average price of $2.08 per MMBtu. Under 23 authorizations, 11.6 Bcf was exported to Mexico at an average price of $2.08 per MMBtu. Finally, 18.6 Bcf of LNG was exported to Japan at an average price of $3.58 per MMBtu (delivered).

Year to Date Data: Comparing the first three months of 1998 with the first three months of 1997, gas imports increased nearly 2 percent or by 14 Bcf (789.8 v. 775.8 Bcf). Canadian imports increased by nearly 2 percent (761.5 v. 748.4 Bcf); Mexican imports decreased 54 percent (3.3 v. 7.2 Bcf); and LNG imports increased 24 percent (25.0 v. 20.2 Bcf). During the same time period, the rate of total exports increased by 9 percent (45.4 v. 41.7 Bcf). Exports to Canada decreased by 22 percent (15.2 v. 19.5 Bcf); exports to Mexico increased by 115 percent (11.6 v. 5.4 Bcf); and LNG exports to Japan increased by nearly 11 percent (18.6 v. 16.8 Bcf).

This quarter's **focus report** is "1997 Natural Gas Import/Export Trade: A Second Look." The quarterly report and any future revisions to the report will be resident on our Electronic Bulletin Board at (202) 586-7853 or on the Fossil Energy Web Site at http://www.fe.doe.gov. Any questions or comments concerning this report should be directed to Yvonne Caudillo at (202) 586-4587 or by E-mail at yvonne.caudillo@hq.doe.gov.