

SUMMARY

The Office of Natural Gas & Petroleum Import & Export Activities prepares quarterly reports showing natural gas import and export activity. Companies are required, as a condition of their authorizations, to file quarterly reports. This report is for the third quarter of 1999 (July through September).

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 data for 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.

Third Quarter Highlights: As illustrated in the chart below, there were dramatic increases in activity compared to the third quarter of 1998.

Canadian Imports	859.7 Bcf	Up 10%
LNG Imports	48.5 Bcf	Up 221%
Mexican Imports	14.5 Bcf	Up 164%
Total Imports	922.7 Bcf	Up 15%
Mexican Exports	16.3 Bcf	Up 41%

See details below for more information.

In September, gas began flowing on a new interconnect between Tennessee Gas Pipeline Company's (Tennessee) Donna Lateral and Pemex's existing facilities in Reynosa, Mexico. The 24-inch, 9.5-mile bi-directional pipeline has a maximum daily capacity of 220 MMcf/day. Pemex has entered into a ten-year firm commitment of 185,000 Dth/day of capacity on the new line and Tennessee's system. During the first days of operation, the pipeline was being used to import about 140 MMcf/ day.

During the third quarter, four importers of LNG (Distrigas Corporation; Duke Energy LNG; CMS Marketing, Services and Trading Company; and Coral Energy Resources, L.P.) brought in 11 spot cargoes from five different countries (Algeria, Australia, Malaysia, Qatar, and Trinidad), totaling 23.7 Bcf. This was the first time LNG was imported from Malaysia (by Coral in August).

Third Quarter Data: **Long-term imports** for the quarter totaled 358.8 Bcf, increasing 23.2 Bcf compared to the third quarter of 1998 (335.6 Bcf). Most of this increase may be attributed to increased LNG imports. **Long-term Canadian imports** totaled 334.1 Bcf, representing a 2 percent increase over the third quarter of 1998 (327.1 Bcf). The average price of this gas was \$2.44/MMBtu, which is 32 cents or 15 percent higher than the preceding quarter and 23 percent higher than the third quarter of 1998. Under **LNG long-term imports**, Distrigas imported 2.5 Bcf from Algeria at \$2.36/MMBtu and 15.0 Bcf from

Trinidad at \$2.24/MMBtu. Duke imported 7.2 Bcf from Algeria at \$2.00/MMBtu. Finally, 16.9 Bcf of **LNG was exported** to Japan at \$2.90/MMBtu (delivered).

During the third quarter, 86 companies used **short-term authorizations to import** 563.9 Bcf of gas. This volume represents a 21 percent increase compared to the third quarter of 1998 (467.7 Bcf). Of this total, 525.6 Bcf was **imported from Canada** at an average price of \$2.27/MMBtu, compared to 455.6 Bcf at \$1.61 in the third quarter of 1998, and 443.3 Bcf at \$1.92 in the previous quarter. **Imports from Mexico** totaled 14.5 Bcf and had an average price of \$2.44/MMBtu. This compares to 5.5 Bcf at \$1.91 in the third quarter of 1998 and 16.0 Bcf at \$2.01 in the previous quarter. Under **short-term LNG import** contracts, Distrigas imported 5.9 Bcf from Trinidad at \$2.12/MMBtu. Duke imported 5.6 Bcf from Algeria at \$2.25/per MMBtu. CMS imported 2.3 Bcf from Australia at \$2.04/MMBtu and 7.4 Bcf from Qatar at \$2.40/MMBtu. Coral imported 2.6 Bcf from Malaysia at \$2.15/MMBtu.

Approximately 30 percent of the **short-term Canadian imports** occurred at Eastport, Idaho, at an average price of \$2.09/MMBtu; 21 percent at Port of Morgan, Montana at \$2.25/MMBtu; 17 percent at Noyes, Minnesota at \$2.35/MMBtu; 16 percent at Sumas, Washington, at \$2.18/MMBtu; 8 percent at Niagara Falls, New York, at \$2.72/MMBtu; 4 percent at Waddington, New York, at \$2.63/MMBtu; and 4 percent at other entry points, at \$2.60/MMBtu.

Fourteen **short-term export** authorizations were used, exporting a total of 23.4 Bcf of gas. Three companies exported 7.1 Bcf to Canada, at an average price of \$2.46/MMBtu. Eleven companies exported 16.3 Bcf to Mexico at \$2.90/MMBtu.

Year to Date Data: Comparing the first three quarters of 1999 with the same period of 1998, gas imports increased 12 percent, or by 278.1 Bcf (2,631 v. 2,352.9 Bcf). Canadian imports increased by 186.7 Bcf or by 8 percent (2,469.5 v. 2,282.8 Bcf); Mexican imports increased 233 percent (40.6 v. 12.2 Bcf); and LNG imports increased 109 percent (120.9 v. 57.9 Bcf). Total exports remained constant at 121.7 Bcf. Exports to Canada decreased by 26 percent (24.8 v. 33.3 Bcf) and exports to Mexico increased by 28 percent (48.2 v. 37.6 Bcf). LNG exports to Japan decreased 4 percent (48.7 v. 50.8 Bcf).

This quarter's **focus report** is Planned Projects Which May Promote Natural Gas Trade With Mexico. The quarterly report and future revisions to the report will reside on our Electronic Bulletin Board at (202) 586-7853 and on the Fossil Energy Web Site at <http://www.fe.doe.gov>. Any questions or comments concerning this report should be sent to Yvonne Caudillo at (202) 586-4587 or by E-mail at yvonne.caudillo@hq.doe.gov. Any inquiries regarding just the focus report should be directed to Thomas Dukes at (202)586-9590.