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**PHILLIPS 66  
NATURAL  
GAS CO.  
&  
MARATHON  
OIL COMPANY  
87-42-NG**

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REPORT 11

OFFICE OF FOSSIL ENERGY  
NATURAL GAS DIVISION  
DOCKET INDEX

11/09/93 P. 426

ERA DOCKET NO.: 87-42-LNG

APPLICANT(S): PHILLIPS ALASKA NATURAL GAS CORP & MARATHON CO

REPRESENTED BY:

Jennifer A. Cates  
Larry Pain  
1254 Adams Building  
Bartlesville, Oklahoma 74004  
George H. Rothschild, Jr.,  
P.O. Box 3128  
Houston, Texas 77253

ITEM	PREPARED OR FILED BY	FILING TYPE	DESCRIPTION OF DOCUMENT	DATED	DATE FILED OR ISSUED
1	PHILLIPS 66 NATURAL GAS CO & MARATHON OIL CO	APPLICATION	Application to Amend Authorization to Export Liquefied Natural Gas \$50.00 Application Fee to Accompany Filing	07/29/87	07/29/87
2	PHILLIPS 66 NATURAL GAS CO & MARATHON OIL CO	CORRESPONDENCE	Corrected Page 8	07/30/87	07/31/87
3	DOE/ERA	FEDERAL REGISTER ISSUED	F.R. Notice Issued 8/21/87 Inviting Interventions and Comments (Document was not date stamped by ERA.)	08/21/87	08/21/87
4	DOE/ERA	FEDERAL REGISTER PUBLISH	F.R. Notice Published 8/28/87; 52 FR 32585 Comments Due 9/28/87 (Document was not date stamped by ERA.)	08/28/87	08/28/87
5	DOE/ERA	ENVIRONMTL DETERMINATION	PHILLIPS 66 NATURAL GAS CO & MARATHON OIL CO Project Description and National Environmental Policy Act (NEPA) Review Memo to Carol M. Borgstrom From Constance L. Buckley	09/16/87	09/16/87
6	DOE/ERA	ORDER	Order 206--Amending Authorization to Export Liquefied Natural Gas	11/13/87	11/13/87

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REPORT 11

OFFICE OF FOSSIL ENERGY  
NATURAL GAS DIVISION  
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11/09/93 P. 427

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(CONTINUED)

ITEM	PREPARED OR FILED BY	FILING TYPE	DESCRIPTION OF DOCUMENT	DATED	DATE FILED OR ISSUED
7	DOE/ERA	ORDER	Order 206--Amending Authorization to Export Liquefied Natural Gas	11/13/87	11/13/87
8	DOE/ERA	FEDERAL REGISTER PUBLISH	F.R. Notice of Order Published 11/24/87 52 FR 45015	11/24/87	11/24/87

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**PHILLIPS 66 NATURAL GAS COMPANY**  
A SUBSIDIARY OF PHILLIPS PETROLEUM COMPANY

BARTLESVILLE, OKLAHOMA 74004 PHONE: 918 661-6600  
July 27, 1987

Docket No. 82-04 LNG Application  
to Amend Authorization

57 JUL 29 11:31

PHILLIPS 66

Natural Gas Division  
Economic Regulatory Administration  
Forrestal Building  
1000 Independence Avenue, SW  
Washington, D. C. 20585

Attention: Ms. Constance R. Buckley

Gentlemen:

Attached for filing in the above-captioned docket are an original and fifteen (15) copies of an Application to Amend Authorization to Export Liquefied Natural Gas. This filing is being made to reflect changes in the pricing terms.

Our fifty dollar (\$50.00) filing fee is enclosed, Phillips 66 Natural Gas Company check #501763, dated July 27, 1987.

Sincerely,

Barbara Price-Thurman  
Vice President  
Laws and Regulations Division

BPT:dm

Attachments

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UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
ECONOMIC REGULATORY ADMINISTRATION

87 JUL 29 11:31

REC'D DOE/ERMA  
NAT. GAS DIV.

In the Matter of )  
 )  
Phillips 66 Natural Gas Company ) ERA Docket No. 82-04-LNG  
Marathon Oil Company )

87-42

APPLICATION TO AMEND AUTHORIZATION  
TO EXPORT LIQUEFIED NATURAL GAS

Phillips 66 Natural Gas Company ("Phillips 66") and Marathon Oil Company ("Marathon") hereby request, pursuant to Section 3 of the Natural Gas Act, 15 U.S.C. §717b, and 10 C.F.R. Part 590, that the Economic Regulatory Administration ("ERA") amend the authorization granted in this proceeding by Opinion and Order No. 49 ("Order No. 49"), as amended by Opinion and Order No. 49A ("Order No. 49A"). Phillips 66 and Marathon ask that ERA modify the requirement, stated in ordering paragraph C and elsewhere in Order No. 49, that Phillips 66 and Marathon adhere to certain very specific price terms. Phillips 66 and Marathon request that ERA amend Order No. 49 to permit Phillips 66 and Marathon to charge and collect prices for liquefied natural gas ("LNG") in accordance with more market responsive terms, and consistent with the Seventeenth Amendatory Agreement entered into by Phillips 66 and Marathon and their LNG purchasers, The Tokyo Electric Power Company, Incorporated ("Tokyo Electric") and Tokyo Gas Company, Ltd. ("Tokyo Gas").

In support hereof, applicants submit the following:

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I. GENERAL INFORMATION

The exact name of applicant Phillips 66 is Phillips 66 Natural Gas Company. Phillips 66 is a Delaware corporation with principal offices in Bartlesville, Oklahoma. Phillips 66 is a wholly owned subsidiary of Phillips Petroleum Company ("Phillips") and is authorized to do business in the various states where Phillips has previously conducted natural gas activities, including the State of Alaska.

The exact name of applicant Marathon is Marathon Oil Company. Marathon, an Ohio corporation with principal offices in Findlay, Ohio, is a wholly-owned subsidiary of USX Corporation and is authorized to do business in all states in which it does business, including the State of Alaska.

All correspondence and communications regarding this application, including service of pleadings and notices, should be directed to the following persons:

Mrs. Barbara J. Price-Thurman  
Vice President - Regulatory Affairs  
Phillips 66 Natural Gas Company  
990-G Plaza Office Building  
Bartlesville, OK 74004  
Phone: (918) 661-4355

Mrs. Jennifer A. Cates, Attorney  
Mr. Larry Pain, Attorney  
Phillips Petroleum Company  
1254 Adams Building  
Bartlesville, OK 74004  
Phone: (918) 661-8372

Mr. Kevin Henning, Manager  
Natural Gas Division  
Worldwide Production  
Marathon Oil Company  
P. O. Box 3128  
Houston, TX 77253  
Phone: (713) 629-6600

Mr. George H. Rothschild, Jr., Attorney  
Marathon Oil Company  
P. O. Box 3128  
Houston, TX 77253  
Phone: (713) 629-6600

II. BACKGROUND

On December 14, 1982, ERA issued Order No. 49 granting Phillips and Marathon authority to extend for an additional five-year term, ending May 31, 1989, the LNG export authorization originally granted by the Federal Power Commission ("FPC") in Docket No. CI 67-1226 by order issued April 19, 1967.\*/

In the application for extension, Phillips 66 and Marathon indicated that gas for this project would come principally from the North Cook Inlet Unit and the Kenai Field, although other gas reserves in the Cook Inlet Basin Area owned or controlled by the applicants might also be utilized. As the result of the development of additional reserves in the Cook Inlet Basin and as contemplated by the application for extension and Order No. 49,

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\*/ On April 3, 1986, ERA issued Order No. 49A, which transferred to Phillips 66 the authorization granted to Phillips by Order No. 49 to export liquefied natural gas from Alaska to Japan.

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Marathon, for operational reasons, expects to begin using gas from other Cook Inlet fields in the near future, and Phillips 66 may begin using other supply sources at a later date. (Of course, the total amount of LNG for export is unaffected by a change in the source supply.) Thus, the flexibility of supply source permitted by Order No. 49 has indeed proved beneficial to the ERA and to the applicants, since it eliminates the need for amending the export authorization to reflect each change of source of supply.

Unfortunately, because the problem was not anticipated by the applicants or ERA, Order No. 49 includes no similar flexibility respecting the price provisions which Phillips 66 and Marathon must follow in charging and collecting for their exported LNG. These price provisions, reflecting a detailed pricing formula set out in the LNG sales contract, have become anachronistic, due to changes in world energy markets, as more fully explained below.

### III. REASONS FOR CHANGING PRICE CONDITIONS

At the time Order No. 49 was issued, the price provisions in the LNG sales contract between Phillips and Marathon, sellers, and Tokyo Electric and Tokyo Gas, purchasers, accurately reflected the market price for energy imported into Japan. Thus, the requirement of Order No. 49 that Phillips and Marathon

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charge and collect prices calculated pursuant to the contract price provisions was reasonable. However, early in 1986, Japanese and world energy market conditions began to change in ways which the terms of the contract price formula could not anticipate.

The pricing formula is largely based on the volume-weighted average of the Government Selling Prices ("GSP") for the top twenty crude oils (ranked by descending volumes) imported into Japan. Early in 1986, however, a number of governments published GSP's on the order of \$28 per barrel, while their oil was sold only at prices far below these published GSP's. Consequently, since the formula no longer reflected actual ING market prices, Phillips 66, Marathon and their two Japanese purchasers agreed to discuss possible changes to the price provisions which would again make them market-responsive and to utilize provisional prices pending the outcome of those discussions. By letter dated August 19, 1986, Phillips 66 and Marathon formally advised ERA that such negotiations had commenced and that the parties had agreed to employ provisional prices until negotiations had been concluded. (See Attachment A.)

The result of the negotiations was the Seventeenth Amendatory Agreement (Attachment B), which sets forth firm,

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market-oriented LNG prices for the months March 1986 through March 1987. The Seventeenth Amendatory Agreement also obligates Phillips 66 and Marathon to refund to Tokyo Electric and Tokyo Gas all amounts by which provisional prices exceeded firm settlement prices. Phillips 66 and Marathon have also agreed in principle with Tokyo Electric and Tokyo Gas on prices with respect to LNG sold after March 31, 1987. Again these prices reflect the market and are not defined by the original precise formula set forth in Order 49.

In Opinion and Order No. 119, issued in Yankee International Company, Docket No. 86-14-NG, on April 29, 1986 (Order No. 119), ERA indicated that the thrust of its gas import policy of "promote[ing] competition in the natural gas marketplace by allowing commercial parties to negotiate freely their own trade arrangements with minimal government interference" is likewise applicable to gas exports. Thus, in that case, ERA imposed no minimum or maximum price conditions on the applicant but merely required that Yankee provide ERA with quarterly reports of the volumes and average selling price of gas exported.

In the instant proceeding, Phillips 66 and Marathon seek similar treatment by requesting the deletion of the inflexible LNG price conditions of Order No. 49. In their place, Phillips 66 and Marathon request authority to charge prices

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based on the following market sensitive formula:

$$\begin{array}{l} \text{Price for} \\ \text{calendar} \\ \text{month} \end{array} = 592.8 \times \left[ \frac{\text{average selling price} \\ \text{(month prior to} \\ \text{calendar month)}}{34.48} \right] + \text{adjustment}$$

Where:

average selling price = weighted average official selling price in U.S. dollars per barrel for top 20 crude oils imported into Japan in previous year and sold on term basis

adjustment = an adjustment required to keep the price of Alaskan competitive with other sales of LNG in the Japanese market (adjustment to change as frequently as market conditions require or on request of either party)

Granting the requested amendment would permit applicants to respond quickly to changes in the marketplace without the necessity of seeking ERA approval for each market-driven refinement of the old LNG pricing formula. Phillips 66 and Marathon would, of course, continue to comply with all other conditions of Order No. 49, including the reporting provisions contained in ordering paragraph D.

Although Phillips 66 and Marathon strongly prefer that ERA amend Order No. 49 as requested above, if ERA does not grant such relief, then, in the alternative, Phillips 66 and Marathon request that ERA modify Order No. 49 to permit the collection of the prices set forth in the Seventeenth Amendatory Agreement. Such minimal relief is absolutely essential if Phillips 66 and Marathon are to remain competitive suppliers of LNG to the Japanese market. The prices negotiated in the Seventeenth

Amendment are the most favorable prices realistically obtainable by sellers in the current international energy market. Failure to grant relief would result in Phillips 66 and Marathon having to use unrealistic GSP's and so charge LNG prices well in excess of market prices. This could possibly cause Tokyo Electric and Tokyo Gas to cease purchasing American LNG.

#### IV. REQUIREMENTS OF 10 C.F.R. §590.202(b)

At 10 C.F.R. §590.202(b), ERA's regulations specify several matters which an applicant must, if applicable, address in a gas export application in order to provide ERA with sufficient information to examine the propriety of the export. Because of the minor nature of the changes to the existing export authorization requested by the instant application, Phillips 66 and Marathon submit that none of the information required by 10 C.F.R. §590.202(b), other than that provided above, and in the prior applications, is applicable to ERA's consideration of the relief requested. Therefore, Phillips 66 and Marathon request that ERA determine that Phillips 66 and Marathon have complied with the provisions of 10 C.F.R. §590.202(b).

#### V. CONCLUSION

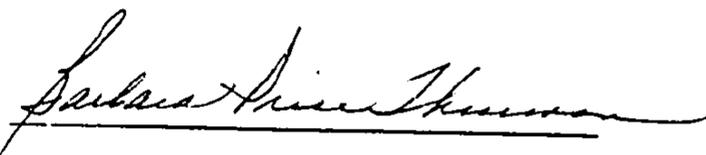
As ERA has previously indicated, Section 3 of the Natural Gas Act provides that an export is to be authorized unless there is a finding that it "will not be consistent with public interest." See Order No. 119. The requested amendment is not consistent with the public interest.

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WHEREFORE, Phillips 66 and Marathon respectfully request that ERA amend Order No. 49 to amend the price requirement. In the alternative, Phillips 66 and Marathon request that ERA amend Order No. 49 to permit applicants to charge and collect prices in accordance with the Seventeenth Amendatory Agreement. Finally, Phillips 66 and Marathon respectfully request that ERA find that the proposed amendment is not inconsistent with the public interest.

Respectfully submitted,

PHILLIPS 66 NATURAL GAS COMPANY

BY 

MARATHON OIL COMPANY

BY 

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VERIFICATION

STATE OF OKLAHOMA        )  
                                  ) SS:  
COUNTY OF WASHINGTON    )

BEFORE ME, the undersigned authority, on this day personally appeared SARAH ANN PRICE-THURMAN, who, having been by me first duly sworn, on oath says that she is VICE PRESIDENT of Phillips 66 Natural Gas Company and duly authorized to make this Verification; that she has read the foregoing instrument and that the facts therein stated are true and correct to the best of her knowledge, information and belief.

Sarah Ann Thurman

Subscribed and sworn to before me this 27th day  
of July, 1987.

Suzerly L. Spicer  
Notary Public

My Commission Expires:

January 14, 1991

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VERIFICATION

STATE OF TEXAS )  
 ) SS:  
COUNTY OF HARRIS )

BEFORE ME, the undersigned authority, on this day personally appeared K. M. Henning, who, having been by me first duly sworn, on oath says that he is Manager, Natural Gas Division of Marathon Oil Company and duly authorized to make this Verification; that he has read the foregoing instrument and that the facts therein stated are true and correct to the best of his knowledge, information and belief.



Subscribed and sworn to before me this 24<sup>th</sup> day of July, 1987.

Gretchen B. Sablatura  
Notary Public

GRETCHEN B. SABLATURA  
Notary Public, State of Texas  
My Commission Expires 7-19-89

My Commission Expires:

July 19, 1989

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Attachment A



**PHILLIPS 66 NATURAL GAS COMPANY**

A SUBSIDIARY OF PHILLIPS PETROLEUM COMPANY

BARTLESVILLE, OKLAHOMA 74004 PHONE 918 661-6600

August 19, 1986

Constance L. Buckley, Director  
Natural Gas Division  
Economic Regulatory Administration  
United States Department of Energy  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

Re: ERA Docket No. 82-04-LNG/Opinion and Order 49

Dear Ms. Buckley:

In DOE/ERA Opinion and Order No. 49, issued in ERA Docket No. 82-04-LNG, Phillips 66 Natural Gas Company's predecessor in interest and Marathon Oil Company were authorized to export LNG for a five-year period ending May 31, 1989. The authorization to export LNG included a pricing formula (Article 9, Subsection 9.1(a) of the Thirteenth Amendatory Agreement dated March 24, 1982).

Opinion and Order No. 49 determined that the pricing formula was reasonable and advised Phillips and Marathon that any change to the formula would require ERA approval. The sellers have utilized this formula to calculate the LNG price since July, 1981, and the ERA has been advised on the updates necessary to implement the formula.

However, as a result of the disruption of the crude oil markets since the beginning of this year, the pricing formula approved by ERA has failed to yield a price which reflects what a willing buyer in Japan will pay for imported energy. Thus, Phillips and Marathon have entered into negotiations with their Japanese purchasers (Tokyo Gas Company, Ltd. and The Tokyo Electric Power Company, Inc.) to amend the pricing formula so that it once more results in the calculation of LNG sales prices that are competitive with crude oil prices in Japan. Pending finalization of an amendment to the pricing formula, Phillips and Marathon have agreed to accept, for all months after March 31, 1986, provisional prices which attempt to reflect the decline in the price of crude oil imported into Japan. All provisional prices, however, are subject to revision following agreement

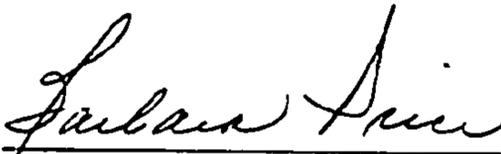
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Constance L. Buckley  
August 19, 1986  
Page 2

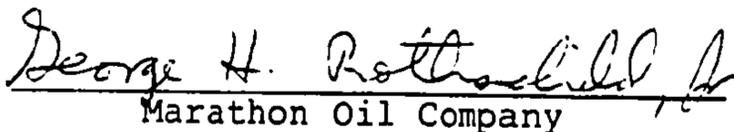
upon amendments to the pricing formula and the receipt from ERA of permission for Phillips and Marathon to charge and collect such prices.

Once the contract amendments are concluded, Phillips and Marathon will file promptly with ERA for approval of the new pricing arrangements.

Sincerely,



Phillips 66 Natural Gas Company  
Vice President - Regulatory Affairs



Marathon Oil Company  
Attorney - Exploration &  
Production United States

BJP:bls:dc26

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Attachment B

SEVENTEENTH AMENDATORY AGREEMENT

THIS SEVENTEENTH AMENDATORY AGREEMENT is effective March 27, 1987, by and between The Tokyo Electric Power Company, Incorporated ("Tokyo Electric") and Tokyo Gas Co., Ltd. ("Tokyo Gas"), corporations organized and existing under the laws of Japan, hereinafter collectively referred to as "Buyers" and Marathon Oil Company ("Marathon") and Phillips 66 Natural Gas Company as successor to Phillips Petroleum Company ("Phillips"), corporations organized and existing under the laws of various states of the United States of America, hereinafter collectively referred to as "Sellers".

WITNESSETH:

WHEREAS, on the 6th day of March, 1967, Buyers and Sellers entered into a certain Liquefied Natural Gas Sales Agreement (Basic Agreement - as partially amended as of the 22nd day of October, 1984) providing for the purchase by Buyers from Sellers of LNG manufactured from natural gas produced from natural gas reserves located in the State of Alaska, United States of America.

NOW THEREFORE, in consideration of the mutual and dependent promises herein contained, the parties hereto agree, for the purpose of further amending a part of the Basic Agreement, as follows:

1. By a "Memorandum of Agreement" dated April 8, 1986, the parties recognized the need to discuss LNG prices and agreed that for the interim purpose of payment after March 31, 1986, the price formula and crude slate in effect on March 31, 1986, would continue to be used on a provisional basis until such time as Buyers and Sellers mutually agreed to a new price basis.

*S.S.*  
*7.K.*  
*723*

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Thereafter, additional modifications of the provisional prices were negotiated by the parties. The parties now hereby agree on the final prices for LNG sold and delivered from April 1, 1986 to March 31, 1987, and a revision to the price for March, 1986 as follows:

<u>Month</u>	<u>Price, Cents per MMBtu</u>
March, 1986	404.1
April, 1986	310.1
May, 1986	272.8
June, 1986	265.8
July, 1986	225.2
August, 1986	185.2
September, 1986	217.6
October, 1986	239.7
November, 1986	239.8
December, 1986	243.1
January, 1987	261.5
February, 1987	305.2
March, 1987	325.4

The difference between the prices payable for the months stated above and the prices actually paid by Buyers for the period March 1, 1986, through March 31, 1987, both dates inclusive (the "Refund Amount") shall be credited against Buyers' payment obligations for future LNG deliveries as outlined in paragraph 2 below.

2. The Refund Amount due to each of the Buyers is as follows:

Tokyo Electric	(US\$) 21,612,576.92
Tokyo Gas	(US\$) 7,204,189.23
Total	(US\$) 28,816,766.15

The Refund Amount shall be amortized and credited against invoiced amounts for each of the Buyers otherwise payable for LNG delivered on and after May 1, 1987, as follows. As of the payment date for each cargo of LNG delivered, \$315,000 for Tokyo Electric and \$105,000 for Tokyo Gas will be deducted from each invoice for each of the first sixty-eight (68) cargoes delivered under the terms of the Basic Agreement. A final payment reflecting the remaining unpaid balance shall be deducted from the sixty-ninth (69th) cargo invoices.

*LS*  
*7B-7.K.*  
*7B*

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3. Interest shall accrue on the uncredited daily balance on and after April 1, 1987, and the interest rate shall be 6.5% per annum (based on 365 day year). The interest due for the period April 1, 1987 to March 31, 1988 shall be deducted from the invoices for the last LNG cargo submitted for payment prior to April 1, 1988. The interest due for the period April 1, 1988 to March 31, 1989 shall be deducted from the invoices for the last LNG cargo submitted for payment prior to April 1, 1989. Any interest due for the period beyond April 1, 1989 shall be deducted from the invoices for the sixty-ninth (69th) LNG cargo.

4. If any principal of the Refund Amount or interest thereon remains unpaid on May 31, 1989 Sellers shall repay the remaining amount to the Buyers in cash on that date.

5. The Buyers shall seek necessary approval of the Japanese Government for the repayment of the amounts stated in paragraph 2 and 3 above by deduction from future LNG invoices. The Buyers shall advise the Sellers when approval is obtained. Until approval is obtained, the Sellers shall make payments to Buyers in cash on the same day each LNG invoice is paid by the Buyers.

6. To the extent permissible under the laws of the United States, the parties agree to cooperate to minimize or reduce to nil any withholding tax on the interest portion of the amounts under paragraph 3 and 4 above. To that end, the parties agree that the rights and obligations under this Seventeenth Amendatory Agreement are not transferable and furthermore, the parties agree to discuss additional terms and conditions separately.

7. Except as herein specifically amended, all other terms and conditions of the Basic Agreement shall remain unchanged.

*LS*  
*7.1*  
*7.3*

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IN WITNESS WHEREOF, the parties hereto have caused this Seventeenth Ammendatory Agreement to be executed in good faith, by their respective duly authorized officers as of the date set forth below.

The Tokyo Electric Power Company, Incorporated

By: Shoh Masu *S.S.*  
President

Marathon Oil Company

By: W. Swales *W.S.*  
President

Tokyo Gas Co., Ltd.

By: Hiroshi Uetanato *T.K.*  
President

Phillips 66 Natural Gas Company

By: A. J. Beaulieu *AJB*  
President

Date 16th April, 1987

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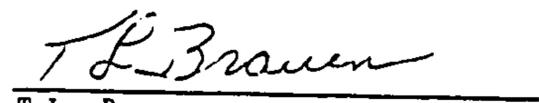
16th April, 1987

In accordance with the SEVENTEENTH AMENDATORY AGREEMENT initialled on 16th April, 1987, we hereby acknowledge the adjusted invoice amounts for LNG sold and delivered during the period from 1st March, 1986 to 31st March, 1987 under the Liquefied Natural Gas Sales Agreement dated 6th March, 1967, partially amended as of the 22nd day of October, 1984.

FOR AND ON BEHALF OF  
THE TOKYO ELECTRIC POWER COMPANY, INC.

FOR AND ON BEHALF OF  
MARATHON OIL COMPANY

  
S. Shiraishi  
General Manager  
LNG Project Office, Fuel Department

  
T.L. Brauen  
Manager  
Domestic Natural Gas Marketing

FOR AND ON BEHALF OF  
TOKYO GAS COMPANY, LTD.

FOR AND ON BEHALF OF  
PHILLIPS 66 NATURAL GAS COMPANY

  
T. Kubotani  
General Manager  
Raw Materials Department

  
F. Storey  
Manager  
International and Utility Sales

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**PHILLIPS 66 NATURAL GAS COMPANY**

A SUBSIDIARY OF PHILLIPS PETROLEUM COMPANY

BARTLESVILLE, OKLAHOMA 74004 PHONE 918 661-6600

87 JUL 31 11:28

July 30, 1987

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Docket No. 82-04 ~~ING~~ Authorization  
to Amend Authorization - Correction  
of Page 8

Natural Gas Division  
Economic Regulatory Administration  
Forrestal Building  
1000 Independence Avenue, SW  
Washington, D. C. 20585

Attention: Ms. Constance R. Buckley

Gentlemen:

On July 29, 1987 Phillips 66 Natural Gas Company filed an Application to Amend Authorization to Export Liquefied Natural Gas in the captioned docket.

We have discovered a typographical error on page 8 of our application and are requesting that the filing be corrected by replacing this page with a corrected page 8. An original and fifteen (15) copies are attached for that purpose.

I apologize for our error and the inconvenience caused in making this correction.

Sincerely,

Barbara Price-Thurman  
Vice President  
Laws and Regulations Division

BPT:dm

Attachments

cc: Marathon Oil Company

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REC'D DOE/EEA  
MAY 1977

Amendment are the most favorable prices realistically obtainable by sellers in the current international energy market. Failure to grant relief would result in Phillips 66 and Marathon having to use unrealistic GSP's and so charge ING prices well in excess of market prices. This could possibly cause Tokyo Electric and Tokyo Gas to cease purchasing American ING.

#### IV. REQUIREMENTS OF 10 C.F.R. §590.202(b)

At 10 C.F.R. §590.202(b), ERA's regulations specify several matters which an applicant must, if applicable, address in a gas export application in order to provide ERA with sufficient information to examine the propriety of the export. Because of the minor nature of the changes to the existing export authorization requested by the instant application, Phillips 66 and Marathon submit that none of the information required by 10 C.F.R. §590.202(b), other than that provided above, and in the prior applications, is applicable to ERA's consideration of the relief requested. Therefore, Phillips 66 and Marathon request that ERA determine that Phillips 66 and Marathon have complied with the provisions of 10 C.F.R. §590.202(b).

#### V. CONCLUSION

As ERA has previously indicated, Section 3 of the Natural Gas Act provides that an export is to be authorized unless there is a finding that it "will not be consistent with public interest." See Order No. 119. The requested amendment is not inconsistent with the public interest.

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UNITED STATES OF AMERICA

[6450-01]

DEPARTMENT OF ENERGY  
ECONOMIC REGULATORY ADMINISTRATION

[ERA DOCKET NO. 87-42-LNG]

PHILLIPS 66 NATURAL GAS COMPANY; MARATHON OIL COMPANY

APPLICATION TO AMEND AUTHORIZATION TO EXPORT  
LIQUEFIED NATURAL GAS

AGENCY: Department of Energy  
Economic Regulatory Administration

ACTION: Notice of Application to Amend Authorization  
to Import Liquefied Natural Gas to Japan

SUMMARY: The Economic Regulatory Administration (ERA) of the Department of Energy (DOE) gives notice of receipt on July 29, 1987, of a joint application filed by Phillips 66 Natural Gas Company (Phillips 66) and Marathon Oil Company (Marathon) requesting the ERA to amend their existing liquefied natural gas (LNG) export authorization to permit them to charge more market responsive prices to their two Japanese customers.

The application was filed with the ERA pursuant to Section 3 of the Natural Gas Act and DOE Delegation Order No. 0204-111. Protests, motions to intervene, or notices of intervention, and written comments are invited.

DATE: Protests, motions to intervene, or notices of intervention, as applicable, and written comments are to be filed no later than \_\_\_\_\_, 1987 (30 days after date of publication).

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FOR FURTHER INFORMATION:

John Glynn  
Natural Gas Division  
Economic Regulatory Administration  
Forrestal Building, Room GA-076  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585  
(202) 586-9482

Michael T. Skinker  
Natural Gas and Mineral Leasing  
Office of General Counsel  
U.S. Department of Energy  
Forrestal Building, Room 6E-042  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585  
(202) 586-6667

SUPPLEMENTARY INFORMATION:

By their application, Phillips 66 and Marathon are requesting the ERA to amend their LNG export authorization granted by DOE/ERA Opinion and Order No. 49 (Opinion 49) on December 14, 1982. Specifically, the applicants want the ERA to modify the requirement in ordering paragraph C of Opinion 49 that requires them to adhere to certain very specific terms in the pricing of LNG under this export authorization. The applicants state that the present pricing formula for LNG is primarily based on the volume-weighted average of the government selling prices for the top twenty crude oils imported into Japan. The applicants maintain that this formula has not worked properly since early 1986, because various governments have been selling their oil for prices far below those published as their official selling prices.

Since the formula no longer reflected actual LNG market prices, the applicants and their two Japanese purchasers have had discussions over the past year regarding possible changes to the

price provision and agreed to utilize provisional prices pending the outcome of these discussions. The result of these negotiations was the Seventeenth Amendatory Agreement dated April 16, 1987, which sets forth market-oriented prices from March 1986 through March 1987, and obligates the applicants to make refunds to its two purchasers to the extent that the provisional prices exceeded firm settlement prices during this time period.

The applicants state that they would strongly prefer that the ERA amend Opinion 49 by replacing the old price adjustment formula with a more market sensitive pricing formula as outlined in their application; however, if the ERA is not willing to grant its request, the applicants alternatively request the ERA to modify Opinion 49 to permit the collection of the prices set forth in the Seventeenth Amendatory Agreement.

In support of their application, the applicants state that the requested amendment would permit them to respond quickly to changes in the marketplace without the "necessity of seeking ERA approval for each market-driven refinement of the old LNG pricing formula." The applicants maintain that ERA failure to grant their amendment request would cause their LNG prices to be above market levels and could result in the termination of the export arrangement.

This application will be reviewed pursuant to Section 3 of the Natural Gas Act and the authority contained in DOE Delegation Order No. 0204-111.

## PUBLIC COMMENT PROCEDURES:

In response to this notice, any person may file a protest, motion to intervene or notice of intervention, as applicable, and written comments. Any person wishing to become a party to the proceeding and to have the written comments considered as the basis for any decision on the application must, however, file a motion to intervene or notice of intervention, as applicable. The filing of a protest with respect to this application will not serve to make the protestant a party to the proceeding, although protests and comments received from persons who are not parties will be considered in determining the appropriate procedural action to be taken on the application.

All protests, motions to intervene, notices of intervention, and written comments must meet the requirements that are specified by the regulations in 10 CFR Part 590. They should be filed with the Natural Gas Division, Office of Fuels Programs, Economic Regulatory Administration, Room GA-076, RG-23, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, (202) 586-9478. They must be filed no later than 4:30 p.m., e.d.t., \_\_\_\_\_ (30 days after publication).

The Administrator intends to develop a decisional record on the application through responses to this notice by parties, including the parties' written comments and replies thereto. Additional procedures will be used as necessary to achieve a complete understanding of the facts and issues. A party seeking intervention may request that additional procedures be provided,

such as additional written comments, an oral presentation, a conference, or trial-type hearing. A request to file additional written comments should explain why they are necessary. Any request for an oral presentation should identify the substantial question of fact, law, or policy at issue, show that it is material and relevant to a decision in the proceeding. Any request for a conference should demonstrate why the conference would materially advance the proceeding. Any request for a trial-type hearing must show that there are factual issues genuinely in dispute that are relevant and material to a decision and that a trial-type hearing is necessary for a full and true disclosure of the facts. If an additional procedure is scheduled, the ERA will provide notice to all parties. If no party requests additional procedures, a final opinion and order may be issued based on the official record, including the application and responses filed by parties pursuant to this notice, in accordance with 10 CFR Sec. 590.316.

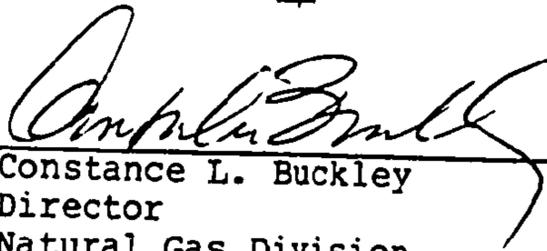
A copy of Phillips 66 and Marathon's joint application is available for inspection and copying in the Natural Gas Division Docket Room, GA-076-A at the above address. The docket room is

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open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

Issued in Washington, D.C., August 21, 1987.



Constance L. Buckley  
Director  
Natural Gas Division  
Office of Fuels Programs  
Economic Regulatory Administration

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construction permit from the State of Idaho has been requested and an operating permit may also be required at the State's discretion. (The DOE has recently initiated a research and development program to remove NO<sub>x</sub> from the ICPP main stack. A bench-scale technology demonstration unit will be installed in fiscal year 1988.)

#### IV. Water Quality

There is minimal potential for degradation of water quality at the INEL from the FPF proposed action. There are no permanent surface waters at the INEL. All surface waters entering the INEL site evaporate or infiltrate and recharge the Snake River Plain aquifer, which flows through fractured and porous basalt about 450 ft beneath the surface at the ICPP.

Waste handling systems within the FPF will process liquid wastes to minimize discharge of radioactive and toxic materials to the environment. A gamma monitoring and diversion system will prevent discharge of radioactivity in excess of release limits. The nonradioactive, nonhazardous service wastes will be monitored to ensure pollutant concentrations are below applicable release limits before being discharged to an existing percolation pond. No significant environmental impacts associated with liquid wastes are anticipated.

Increased throughput at the ICPP will require additional water which will be pumped from the Snake River Plain aquifer. Pumping will have a very limited and localized effect on annual water-level changes in the aquifer in the vicinity of the ICPP because the amount which will be pumped is a small portion of the total storage and recharge.

#### V. Solid Waste

Solid waste generated as a result of the FPF project will be segregated into radioactive and nonradioactive components. Nonradioactive nonhazardous solid waste will be disposed of at an existing INEL sanitary landfill. Radioactive solid waste will be disposed of according to the type of radioactive contamination. Low-level radioactive waste will be disposed of in an existing shallow-land burial site at the Radioactive Waste Management Complex (RWMC) at the INEL. Solid waste contaminated with transuranic (TRU) radionuclides will be stored at the RWMC during an interim period until shipped for offsite disposal. Radioactive hazardous (mixed) waste will be stored at the INEL mixed waste storage facility pending evaluation of treatment/disposal options. Nonradioactive hazardous wastes will

be packaged in accordance with Department of Transportation (DOT) regulations (49 CFR Parts 171, 172, and 173) and shipped to a permitted hazardous waste disposal facility.

Existing facilities at the INEL are adequate for handling solid waste generated by the proposed FPF project. Standard procedures are in place at INEL for safely carrying out waste handling activities. No significant impacts to the environment are projected from the result of handling solid wastes at the INEL.

#### VI. Seismicity

INEL is located in Seismic Zone 2, defined by the Uniform Building Code, October 1981, as an area where destructive earthquakes may occur. However, none of the events recorded to date have caused damage to ICPP facilities. Pipelines laid in concrete-lined trenches and other FPF facilities are designed to withstand the effects of a design basis earthquake (DBE) (0.24-g horizontal acceleration). Estimated potential environmental impacts due to DBE earthquakes on the proposed facilities are minimal, and no significant impacts would occur.

#### VII. Cultural and Biological Resources

The FPF facilities would occupy about 0.5 hectares (1 acre) of land inside the fences of the ICPP. Because the proposed site is presently in a highly developed area, no significant impacts on natural resources of the area are anticipated. There are no significant cultural or biological resources at the FPF site. No known threatened or endangered species or critical habitat are likely to be affected by the project. No impacts to archaeological sites are anticipated as a result of FPF.

#### VIII. Floodplains and Wetlands

The proposed FPF location is about 0.5 miles from Big Lost River and is 11 ft above the river bed. An existing flood control system is designed to contain a flood in excess of one with an average return period of 300 years, and therefore, the proposed project would not impact the floodplain.

#### IX. Socioeconomic Resources

A small work force is required for construction (120 workers) and operations (19 additional people); based on the availability of a local labor pool, socioeconomic effects associated with the FPF project are expected to be insignificant.

#### X. Soils

Clearing of the construction site will result in minimal soil erosion. The use of

existing roads for access and the site location on previously disturbed ground will limit the erosion potential. Clearing of vegetation will be minimized and, after construction activities have concluded, the site will be upgraded and revegetated where feasible. If excavated soil is found to be radioactively contaminated above background levels, that soil will be disposed according to applicable DOE orders.

#### Proposed Determination

Based on the information and analyses in the EA, the Department believes that the proposed action does not constitute a major Federal action significantly affecting the quality of the human environment, within the meaning of NEPA. Thus, DOE proposes to issue a finding of no significant impact and, therefore, not require the preparation of an environmental impact statement. DOE will make a final determination following the 30-day public review period.

Issued at Washington, DC, August 25, 1987.

Mary L. Walker,

Assistant Secretary, Environment, Safety and Health.

[FR Doc. 87-19769 Filed 8-27-87; 8:45 am]

BILLING CODE 6560-50-M

#### Economic Regulatory Administration

[ERA Docket No. 87-42-LNG]

#### Application To Amend Authorization To Export Liquefied Natural Gas; Phillips 66 Natural Gas Co. and Marathon Oil Co.

**AGENCY:** Department of Energy, Economic Regulatory Administration.

**ACTION:** Notice of application to amend authorization to import liquefied natural gas to Japan.

**SUMMARY:** The Economic Regulatory Administration (ERA) of the Department of Energy (DOE) gives notice of receipt on July 29, 1987, of a joint application filed by Phillips 66 Natural Gas Company (Phillips 66) and Marathon Oil Company (Marathon) requesting the ERA to amend their existing liquefied natural gas (LNG) export authorization to permit them to charge more market responsive prices to their two Japanese customers.

The application was filed with the ERA pursuant to section 3 of the Natural Gas Act and DOE Delegation Order No. 0204-111. Protests, motions to intervene, or notices of intervention, and written comments are invited.

**DATE:** Protests, motions to intervene, or notices of intervention, as applicable, and written comments are to be filed no later than September 28, 1987.

**FOR FURTHER INFORMATION:**

John Glynn, Natural Gas Division,  
Economic Regulatory Administration,  
Forrestal Building, Room GA-076,  
1000 Independence Avenue, SW.,  
Washington, DC 20585. (202) 586-9482  
Michael T. Skinker, Natural Gas and  
Mineral Leasing, Office of General  
Counsel, U.S. Department of Energy,  
Forrestal Building, Room 6E-042, 1000  
Independence Avenue, SW.,  
Washington, DC 20585. (202) 586-6667.

**SUPPLEMENTARY INFORMATION:** By their application, Phillips 66 and Marathon are requesting the ERA to amend their LNG export authorization granted by DOE/ERA Opinion and Order No. 49 (Opinion 49) on December 14, 1982. Specially, the applicants want the ERA to modify the requirement in ordering paragraph C of Opinion 49 that requires them to adhere to certain very specific terms in the pricing of LNG under this export authorization. The applicants state that the present pricing formula for LNG is primarily based on the volume-weighted average of the government selling prices for the top twenty crude oils imported into Japan. The applicants maintain that this formula has not worked properly since early 1986, because various governments have been selling their oil for prices far below those published as their official selling prices.

Since the formula no longer reflected actual LNG market prices, the applicants and their two Japanese purchasers have had discussions over the past year regarding possible changes to the price provision and agreed to utilize provisional prices pending the outcome of these discussions. The result of these negotiations was the Seventeenth Amending Agreement dated April 16, 1987, which sets forth market-oriented prices from March 1986 through March 1987, and obligates the applicants to make refunds to its two purchasers to the extent that the provisional prices exceeded firm settlement prices during this time period.

The applicants state that they would strongly prefer that the ERA amend Opinion 49 by replacing the old price adjustment formula with a more market sensitive pricing formula as outlined in their application; however, if the ERA is not willing to grant its request, the applicants alternatively request the ERA to modify Opinion 49 to permit the collection of the prices set forth in the Seventeenth Amending Agreement.

In support of their application, the applicants state that the requested amendment would permit them to respond quickly to changes in the marketplace without the "necessity of seeking ERA approval for each market-driven refinement of the old LNG pricing formula." The applicants maintain that ERA failure to grant their amendment request would cause their LNG prices to be above market levels and could result in the termination of the export arrangement.

This application will be reviewed pursuant to section 3 of the Natural Gas Act and the authority contained in DOE Delegation Order No. 0204-111.

**Public Comment Procedures**

In response to this notice, any person may file a protest, motion to intervene or notice of intervention, as applicable, and written comments. Any person wishing to become a party to the proceeding and to have the written comments considered as the basis for any decision on the application must, however, file a motion to intervene or notice of intervention, as applicable. The filing of a protest with respect to this application will not serve to make the protestant a party to the proceeding, although protests and comments received from persons who are not parties will be considered in determining the appropriate procedural action to be taken on the application. All protests, motions to intervene, notices of intervention, and written comments must meet the requirements that are specified by the regulations in 10 CFR Part 590. They should be filed with the Natural Gas Division, Office of Fuels Programs, Economic Regulatory Administration, Room GA-076, RG-23, Forrestal Building, 1000 Independence Avenue SW., Washington, DC 20585, (202) 586-9478. They must be filed no later than 4:30 p.m., e.d.t., September 28, 1987.

The Administrator intends to develop a decisional record on the application through responses to this notice by parties, including the parties' written comments and replies thereto. Additional procedures will be used as necessary to achieve a complete understanding of the facts and issues. A party seeking intervention may request that additional procedures be provided, such as additional written comments, an oral presentation, a conference, or trial-type hearing. A request to file additional written comments should explain why they are necessary. Any request for an oral presentation should identify the substantial question of fact, law, or policy at issue, show that it is material and relevant to a decision in the

proceeding. Any request for a conference should demonstrate why the conference would materially advance the proceeding. Any request for a trial-type hearing must show that there are factual issues genuinely in dispute that are relevant and material to a decision and that a trial-type hearing is necessary for a full and true disclosure of the facts. If an additional procedure is scheduled, the ERA will provide notice to all parties. If no party requests additional procedures, a final opinion and order may be issued based on the official record, including the application and responses filed by parties pursuant to this notice, in accordance with 10 CFR 590.316.

A copy of Phillips 66 and Marathon's joint application is available for inspection and copying in the Natural Gas Division Docket Room, GA-076-A at the above address. The docket room is open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

Issued in Washington, DC, August 21, 1987.

Constance L. Buckley,

Director, Natural Gas Division, Office of Fuels Programs, Economic Regulatory Administration.

[FR Doc. 87-19770 Filed 8-27-87; 8:45 am]

BILLING CODE 6450-01-M

**Federal Energy Regulatory Commission**

[Project Nos. 3410-005 et al.]

**Hydroelectric Applications Filed With the Commission; Woods Lake Hydro Co. et al**

Take notice that the following hydroelectric applications have been filed with the Federal Energy Regulatory Commission and are available for public inspection:

- 1a. Type of Application: Amendment of License
- b. Project No.: 3410-005
- c. Date Filed: January 28, 1987
- d. Applicant: Woods Lake Hydro Company
- e. Name of Project: Woods Lake
- f. Location: On Lime Creek in Eagle County, Colorado
- g. Filed Pursuant to: Federal Power Act, 16 U.S.C. 791(a)-825(r)
- h. Applicant Contact: Kenneth M. Knight, 4100 East Mississippi Avenue, Suite 1313, Denver, CO 80222, (202) 376-1669
- i. FERC Contact: Hector M. Perez, (202) 376-1669
- j. Comment Date: September 23, 1987

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Department of Energy  
Washington, DC 20585

SEP 16 1987

MEMORANDUM FOR CAROL M. BORGSTROM  
DIRECTOR  
OFFICE OF NEPA PROJECT ASSISTANCE

FROM: CONSTANCE L. BUCKLEY  
DIRECTOR  
NATURAL GAS DIVISION  
OFFICE OF FUELS PROGRAMS

SUBJECT: PHILLIPS 66 NATURAL GAS CO./MARATHON OIL CO.,  
PROJECT DESCRIPTION AND NATIONAL ENVIRONMENTAL  
POLICY ACT (NEPA) REVIEW (ERA DOCKET NO.  
87-42-LNG)

The ERA has received an application filed by Phillips 66 Natural Gas Company (Phillips 66) and Marathon Oil Company (Marathon) requesting the ERA to amend their existing liquefied natural gas (LNG) export authorization to permit them to charge more market responsive prices to their two Japanese customers. The application only changes the provisions in the gas sales contract that determine the price of the LNG, and does not alter, in any respect, the facilities used to liquefy and export the gas from Alaska to Japan.

There will be no air, water or land use impacts resulting from construction because the exportation of LNG will use existing facilities and will not involve any new construction. Therefore, pursuant to DOE Order 5440.1C, National Environmental Policy Act, of April 9, 1985, we have determined that granting the requested change to their LNG export authorization will clearly have no significant effects on the quality of the human environment within the meaning of Section 102(2)(c) of NEPA. Accordingly, neither an environmental assessment nor an environmental impact statement will be required.

Attachment



Celebrating the U.S. Constitution Bicentennial — 1787-1987

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UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
ECONOMIC REGULATORY ADMINISTRATION

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REC'D DOE/1  
NAT. GAS DIV

PHILLIPS 66 NATURAL GAS COMPANY )  
MARATHON OIL COMPANY )

ERA DOCKET NO. 87-42-LNG

ORDER AMENDING AUTHORIZATION TO  
EXPORT LIQUEFIED NATURAL GAS

DOE/ERA OPINION AND ORDER NO. 206

NOVEMBER 16, 1987

I. BACKGROUND

On July 29, 1987, Phillips 66 Natural Gas Company (Phillips 66) and Marathon Oil Company (Marathon) filed a joint application with the Economic Regulatory Administration (ERA) of the Department of Energy (DOE), requesting the ERA to amend their existing liquefied natural gas (LNG) export authorization. The application was filed pursuant to Section 3 of the Natural Gas Act (NGA),<sup>1/</sup> and DOE Delegation Order No. 0204-111.<sup>2/</sup> The application requests the ERA to amend their existing LNG export authorization to permit them to charge more market-responsive prices to their two Japanese customers, The Tokyo Electric Power Company, Incorporated and Tokyo Gas Company, Ltd.

The LNG export authorization held by Phillips 66 and Marathon was granted originally by the Federal Power Commission (FPC) on April 19, 1967,<sup>3/</sup> and subsequently amended by DOE/ERA Opinion and Order No. 49 (Order 49) issued on December 14, 1982.<sup>4/</sup> Under their present arrangement, Phillips 66 and Marathon are authorized to export annually up to 50.57 trillion Btus through May 31, 1989.

By their application, the applicants specifically want the ERA to modify the requirement in ordering paragraph C of Order 49 that requires them to adhere to certain very specific terms in the pricing of LNG under this export authorization. The applicants state that the present pricing formula for LNG is primarily based

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1/ 15 U.S.C. §717b.

2/ 49 FR 6684, February 22, 1984.

3/ 37 FPC 777.

4/ 1 ERA ¶70,116.

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on the volume-weighted average of the "official" government selling prices for the top 20 crude oils imported into Japan. The applicants maintain that this pricing formula has not functioned properly for almost two years due to the fact that various governments have been selling their oil for prices far below those published as their "official" selling prices.

During the past year, the applicants and their two Japanese purchasers have had discussions regarding possible changes to the pricing formula and agreed to utilize provisional prices pending the outcome of these discussions. The result of these negotiations was the Seventeenth Amendatory Agreement dated April 16, 1987, which sets forth market-oriented prices from March 1986 through March 1987, and obligates the applicants to make refunds to its two purchasers to the extent that the provisional prices exceeded firm settlement prices during this time period. Furthermore, the applicants and their two customers agreed in principle that prices with respect to LNG sold after March 31, 1987, would reflect the market and not be constrained by the original price adjustment formula found in Order 49.

The applicants state that they want the ERA to amend Order 49 by replacing the old price adjustment formula with a more market sensitive pricing formula as outlined in their application. Under the proposed modification, the price adjustment formula would continue to be primarily based on the weighted average official selling price of the top 20 crude oils imported in Japan; however,

it would contain another adjustment, to be used as needed, to keep their supply "competitive with other sales of LNG in the Japanese market." Furthermore, the proposed price adjustment formula will be applied to the period covered by the Seventeenth Amendatory Agreement, as well as future sales made under this LNG export arrangement. If the ERA is not willing to grant its request to replace the price adjustment formula, the applicants alternatively request the ERA to modify Order 49 to permit the collection of the prices set forth in the Seventeenth Amendatory Agreement.

In support of their application, the applicants maintain that the requested amendment would allow them to respond quickly to changes in the marketplace and remain competitive. If the ERA fails to approve their proposed amendment, the applicants maintain that their LNG prices will be above market level and could result in the termination of the export arrangement.

## II. INTERVENTIONS AND COMMENTS

Notice of this application was issued on August 21, 1987, and published in the Federal Register on August 28, 1987,<sup>5/</sup> inviting protests, motions to intervene, or notices of intervention and written comments. The notice provided a 30-day public response period ending September 28, 1987. No responses were received.

## III. DECISION

The application filed jointly by Phillips 66 and Marathon has been evaluated pursuant to Section 3 of the NGA and DOE Delegation Order No. 0204-111. Under Section 3, an export is to be authorized

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<sup>5/</sup> 52 FR 32585.

unless there is a finding that the export "will not be consistent with the public interest."<sup>6/</sup>

The proposed export arrangement, as amended, is in harmony with the principal strategies adopted by the DOE in fostering United States' international energy security policy; namely, reducing and eliminating existing trade barriers between trading partners, strengthening our market approach to trade, and reducing government intervention. The proposed amendment is the result of lengthy discussions between the applicants and their Japanese customers and achieves a more competitive export supply. The ERA continues to believe that allowing free operation of market forces, as evidenced here, will be the best means for fostering the development of more effective and efficient gas trade between the United States and other countries and ensuring protection of the public interest. We find the proposed amendment to be an innovative approach in solving the applicants' current marketing problems, and one that will enhance competition in the marketplace. Further, no party objected to the proposed amendment.

After taking into consideration all the information in the record of this proceeding, I find approving the proposed amendment, as requested by the joint applicants, is not inconsistent with the public interest.<sup>7/</sup>

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<sup>6/</sup> See supra 1.

<sup>7/</sup> Because the proposed exportation of gas will use existing liquefaction and pipeline facilities, the DOE has determined that granting this application is clearly not a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act (42 U.S.C. 4321, et seq.) and therefore an environmental impact statement or environmental assessment is not required.

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ORDER

For the reasons set forth above, pursuant to Section 3 of the Natural Gas Act, it is ordered that:

The price adjustment formula found in ordering paragraph C of DOE/ERA Opinion and Order No. 49 be replaced with the following formula:

$$\text{Price for Calendar month} = 592.8 \times \frac{\text{Avg. selling price (month prior to Calendar month)}}{34.48} + \text{Adjustment}$$

where: average selling price is the weighted average official price in U.S. dollars per barrel for top 20 crude oils imported into Japan in previous year and sold on term basis.

adjustment is an adjustment required to keep the price of Alaskan LNG competitive with other sales of LNG in the Japanese market (adjustment to change as frequently as market conditions require or on request of either party).

Issued in Washington, D.C., on November 16, 1987.

  
Marshall A. Staunton  
Administrator  
Economic Regulatory Administration

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UNITED STATES OF AMERICA

[6450-01]

DEPARTMENT OF ENERGY  
ECONOMIC REGULATORY ADMINISTRATION

[ERA DOCKET NO. 87-42-LNG]

PHILLIPS 66 NATURAL GAS COMPANY; MARATHON OIL COMPANY

ORDER AMENDING AUTHORIZATION TO EXPORT  
LIQUEFIED NATURAL GAS

AGENCY: Economic Regulatory Administration  
Department of Energy

ACTION: Notice of Order Amending Authorization to  
Export Liquefied Natural Gas

SUMMARY: The Economic Regulatory Administration (ERA) of the Department of Energy (DOE) gives notice that it has issued an order approving a joint request by Phillips 66 Natural Gas Company and Marathon Oil Company to amend their existing liquefied natural gas (LNG) export authorization. The amendment will enable the two exporters to charge more market responsive prices for the LNG sold to their two Japanese customers.

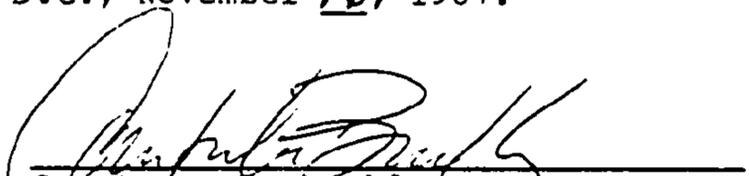
A copy of this order is available for inspection and copying in the Natural Gas Division Docket Room, GA-076, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C.,

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20585, (202) 586-9478. The docket room is open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

Issued in Washington, D.C., November 16, 1987.

  
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Constance L. Buckley  
Director  
Natural Gas Division  
Office of Fuels Programs  
Economic Regulatory Administration

6684, February 22, 1984). Parties that may oppose this application should comment in their responses on the issue of competitiveness as set forth in the policy guidelines. The applicant asserts that this import arrangement is competitive. Parties opposing the arrangement bear the burden of overcoming this assertion.

#### Public Comment Procedures

In response to this notice, any person may file a protest, motion to intervene or notice of intervention, as applicable, and written comments. Any person wishing to become a party to the proceeding and to have the written comments considered as the basis for any decision on the application must, however, file a motion to intervene or notice of intervention, as applicable. The filing of a protest with respect to this application will not serve to make the protestant a party to the proceeding, although protests and comments received from persons who are not parties will be considered in determining the appropriate procedural action to be taken on the application. All protests, motions to intervene, notices of intervention, and written comments must meet the requirements that are specified by the regulations in 10 CFR Part 590. They should be filed with the Natural Gas Division, Office of Fuels Programs, Economic Regulatory Administration, Room GA-076, RG-23, Forrestal Building, 1000 Independence Avenue, SW, Washington, DC 20585, (202) 586-9478. They must be filed no later than 4:30 p.m. e.s.t., December 24, 1987.

The Administrator intends to develop a decisional record on the application through responses to this notice by parties, including the parties' written comments and replies thereto. Additional procedures will be used as necessary to achieve a complete understanding of the facts and issues. A party seeking intervention may request that additional procedures be provided, such as additional written comment, an oral presentation, a conference, or trial-type hearing. A request to file additional written comments should explain why they are necessary. Any request for an oral presentation should identify the substantial question of fact, law, or policy at issue, and show that it is material and relevant to a decision in the proceeding. Any request for a conference should demonstrate why the conference would materially advance the proceeding. Any request for a trial-type hearing must show that there are factual issues genuinely in dispute that are relevant and material to a decision and that a trial-type hearing is

necessary for a full and true disclosure of the facts. If an additional procedure is scheduled, the ERA will provide notice to all parties. If no party requests additional procedures, a final opinion and order may be issued based on the official record, including the application and responses filed by parties pursuant to this notice, in accordance with 10 CFR 590.316. A copy of JDS' application is available for inspection and copying in the Natural Gas Division Docket Room, GA-076, at the above address. The docket room is open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

Issued in Washington, DC, November 16, 1987.

Constance L. Buckley,  
Director, Natural Gas Division, Office of  
Fuels Programs, Economic Regulatory  
Administration.

[FR Doc. 87-26905 Filed 11-23-87; 8:45 a.m.]

BILLING CODE 6450-01-D

#### [ERA Docket No. 87-42-LNG]

#### Phillips 66 Natural Gas Co.; Marathon Oil Co.; Order Amending Authorization To Export Liquefied Natural Gas

**AGENCY:** Economic Regulatory Administration, DOE.

**ACTION:** Notice of order amending authorization to export liquefied natural gas.

**SUMMARY:** The Economic Regulatory Administration (ERA) of the Department of Energy (DOE) gives notice that it has issued an order approving a joint request by Phillips 66 Natural Gas Company and Marathon Oil Company to amend their existing liquefied natural gas (LNG) export authorization. The amendment will enable the two exporters to charge more market responsive prices for the LNG sold to their two Japanese customers.

A copy of this order is available for inspection and copying in the Natural Gas Division Docket Room, GA-076, Forrestal Building, 1000 Independence Avenue, SW., Washington, DC, 20585, (202) 586-9478. The docket room is open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

Issued in Washington, DC, November 16, 1987.

Constance L. Buckley,  
Director, Natural Gas Division, Office of  
Fuels Programs, Economic Regulatory  
Administration.

[FR Doc. 87-26906 Filed 11-23-87; 8:45 a.m.]

BILLING CODE 6450-01-D

#### Energy Information Administration

#### Agency Collections Under Review by the Office of Management and Budget

**AGENCY:** Energy Information Administration, DOE.

**ACTION:** Notice of requests submitted for clearance to the Office of Management and Budget.

**SUMMARY:** The Energy Information Administration (EIA) has submitted the energy information collection(s) listed at the end of this notice to the Office of Management and Budget (OMB) for approval under provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35).

The listing does not contain information collection requirements contained in new or revised regulations which are to be submitted under section 3504(h) of the Paperwork Reduction Act, nor management and procurement assistance requirements collected by the Department of Energy (DOE).

Each entry contains the following information: (1) The sponsor of the collection (the DOE component or Federal Energy Regulatory Commission (FERC)); (2) Collection number(s); (3) Current OMB docket number (if applicable); (4) Collection title; (5) Type of request, e.g., new, revision, or extension; (6) Frequency of collection; (7) Response obligation, i.e., mandatory, voluntary, or required to obtain or retain benefit; (8) Affected public; (9) An estimate of the number of respondents per report period; (10) An estimate of the number of responses annually; (11) Annual respondent burden, i.e., an estimate of the total number of hours needed to respond to the collection; and (12) A brief abstract describing the proposed collection and the respondents.

**DATES:** Comments must be filed on or before December 24, 1987. Last notice published Monday, October 5, 1987.

**ADDRESS:** Address comments to the Department of Energy Desk Officer, Office of Information and Regulatory Affairs, Office of Management and Budget, 726 Jackson Place, NW., Washington, DC 20503. (Comments should also be addressed to the Office of Statistical Standards, at the address below.)

For further information and copies of relevant materials contact: Carole Patton, Office of Statistical Standards (EI-70), Energy Information Administration, M.S. 1H-023, Forrestal Building, 1000 Independence Ave., SW., Washington, DC 20585, (202) 586-2222