

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

BG LNG SERVICES, LLC

)
) FE DOCKET NO. 11-09-LNG
)

ORDER GRANTING LONG-TERM AUTHORIZATION TO
IMPORT LIQUEFIED NATURAL GAS FROM
THE ARAB REPUBLIC OF EGYPT

DOE/FE ORDER NO. 2917

FEBRUARY 17, 2011

I. DESCRIPTION OF REQUEST

On January 24, 2011, BG LNG Services, LLC (BGLS) filed an application (Application) with the Office of Fossil Energy (FE) of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)¹ for authority to import liquefied natural gas (LNG) from the Arab Republic of Egypt by vessel, up to the equivalent of 37.59 trillion British thermal units (Btu) (approximately 36.84 billion cubic feet (Bcf)) of LNG or its natural gas equivalent per year over a term of 5 years beginning on February 5, 2011² 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 the terms of a Second Amended and Restated Master LNG Sale and Purchase Agreement for U.S. Deliveries (Master Agreement), effective January 1, 2009, and a Memorandum to the Master Agreement (Confirmation Memorandum) executed on August 2, 2005. Per the Confirmation Memorandum, the source of 37.59 trillion Btu LNG supply is from the Arab Republic of Egypt (Train 1 – Damietta) purchased from the Egyptian General Petroleum Corporation, BG International Limited, and PICL (Egypt) Corporation Ltd. (Supply Agreement). The Confirmation Memorandum term runs for the life of the Supply Agreement, which currently expires on December 31, 2012. BGLS is requesting authorization until February 4, 2016, to accommodate a potential extension of the Supply Agreement.

The point of entry for the LNG into the United States will primarily be the Elba Island LNG terminal near Savannah, Georgia, or at the Lake Charles Terminal in Lake Charles,

¹/ The authority to regulate the imports and exports of natural gas, including liquefied natural gas, under section 3 of the NGA (15 U.S.C. §717b) has been delegated to the Assistant Secretary for FE in Redefinition Order No. 00-002.04D issued on November 6, 2007.

²/ BGLS's long-term authorization to import LNG from the Arab Republic of Egypt granted in DOE/FE Order No. 2283 on November 17, 2006, extended through February 4, 2011.

Louisiana, or any such LNG facility in the United States or its territories. 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 NGA, it is ordered that:

A. BGLS is authorized to import by vessel up to 37.59 trillion Btu (approximately 36.84 Bcf) of LNG or its natural gas equivalent per year over a term of 5 years beginning on February 5, 2011, and extending through February 4, 2016. This LNG shall be imported from the Arab Republic of Egypt as discussed above.

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

C. LNG imports that require increased security measures from the United States Coast Guard (USCG) and/or other branches of the Department of Homeland Security in place now or added in the future shall comply with those measures on a shipment by shipment basis to the satisfaction of the USCG. Such measures may include periodic boarding or examination of the vessel by the USCG at the load port, while the vessel is underway, at any time during the

voyage, and before and during discharge of the cargo while at the discharge port, as well as other enhanced security measures.

D. Monthly Reports: With respect to the import of LNG authorized by this Order, BGLS shall file with the Office of Natural Gas Regulatory Activities, within 30 days following the last day of each calendar month, a report indicating whether imports of LNG have been made. Monthly reports must be filed whether or not initial deliveries have begun. If no imports have been made, a report of “no activity” for that month must be filed. If imports of LNG by vessel 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)).

(Approved by the Office of Management and Budget under OMB Control No. 1901-0294)

E. The first monthly report required by this Order is due not later than March 30, 2011, and should cover the reporting period from February 5, 2011, through February 28, 2011.

F. 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 February 17, 2011.

A handwritten signature in dark ink, appearing to read "John A. Anderson". The signature is fluid and cursive, with a horizontal line extending from the end of the name.

John A. Anderson
Manager, Natural Gas Regulatory Activities
Office of Oil and Gas Global Security and Supply
Office of Fossil Energy