

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

CORAL ENERGY RESOURCES, L.P.

FE DOCKET NO. 98-48-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT AND EXPORT NATURAL GAS,
INCLUDING LIQUEFIED NATURAL GAS,
FROM AND TO CANADA AND MEXICO

DOE/FE ORDER NO. 1397

JULY 01, 1998

I. DESCRIPTION OF REQUEST

On June 26, 1998, Coral Energy Resources, L.P. (Coral) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act⁽¹⁾ (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to import up to a total of 730 billion cubic feet (Bcf) of natural gas, including liquefied natural gas (LNG) from Canada and Mexico, and to export up to 730 Bcf of natural gas, including LNG, to Canada and Mexico. The term of the authorization is for a two-year term beginning on the date of first import or export delivery. Coral, a marketer of natural gas, is a Delaware limited partnership with its principal place of business in Houston, Texas. Coral is indirectly owned by Shell Oil Company, Tejas Energy, LLC, and Salmon Resources Ltd. Coral will import and export the proposed gas under spot and short-term purchase arrangements, either on its own behalf or as agent for others. The requested authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by Coral has been evaluated to determine if the proposed import/export 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 or export of natural gas from or to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Coral to import and export natural gas from and to Canada and Mexico, nations with which free trade agreements are in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest. This blanket order authorizes transactions under contracts with terms of no longer than two years.

ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Coral Energy Resources, L.P. (Coral) is authorized to import up to a combined total of 730 billion cubic feet (Bcf) of natural gas, including liquefied natural gas (LNG), from Canada and Mexico; and to export up to a combined total of 730 Bcf of natural gas, including LNG, to Canada and Mexico over a two-year term beginning on the date of first import or export delivery, whichever occurs first. This natural gas may be imported and exported at any United States border point.

B. Within two weeks after deliveries begin, Coral shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities of the date that the first import or export of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports and exports authorized by this Order, Coral shall file with the Office of Natural Gas & Petroleum Import and Export Activities within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports or exports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, Coral must report the following: (1) total monthly volumes in Mcf; (2) the average monthly purchase price of gas per MMBtu at the international border; (3) the name of the seller(s); (4) the name of the purchaser(s); (5) the estimated or actual duration of the agreement(s); (6) the name of the United States transporter(s); (7) the point(s) of entry and exit; and (8) the geographic market(s) served (for imports, by State). For import transactions only, the report shall also include: (1) whether sales are being made on an interruptible or firm basis; and, if applicable, (2) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than October 30, 1998, and should cover the period from the date of this Order until the end of the third calendar quarter, September 30, 1998.

E. The notification and reports required by Ordering Paragraphs B and C of this Order shall be filed with the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3E-042, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585.

Issued in Washington, D.C., on July 01, 1998.

John W. Glynn

Manager, Natural Gas Regulation

Office of Natural Gas & Petroleum

Import and Export Activities

Office of Fossil Energy

1. 1/ 15 U.S.C. § 717b.