

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

SHELL ENERGY NORTH AMERICA (US), L.P.

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FE DOCKET NO. 10-24-NG

ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT AND EXPORT NATURAL GAS FROM AND TO CANADA AND MEXICO,
TO EXPORT LIQUEFIED NATURAL GAS TO CANADA AND MEXICO, AND TO
IMPORT LIQUEFIED NATURAL GAS FROM VARIOUS INTERNATIONAL SOURCES

DOE/FE ORDER NO. 2767

MARCH 16, 2010

I. DESCRIPTION OF REQUEST

On March 5, 2010, Shell Energy North America (US), L.P. (Shell Energy) filed an 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 blanket authorization to import and export natural gas from and to Canada and Mexico, to export liquefied natural gas (LNG) to Canada and Mexico, and to import LNG from various international sources, up to a combined total of the equivalent of 1,200 billion cubic feet (Bcf) of natural gas. The applicant requests the authorization be granted for a two-year term beginning May 13, 2010.² Shell Energy is a Delaware corporation with its principal place of business in Houston, Texas.

II. FINDING

The application has been evaluated to determine if the proposed import and 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 and export of natural gas, including LNG, 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 from other international sources are deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Shell Energy to import and export natural gas from and to Canada and Mexico, to export LNG to Canada and Mexico, and to import LNG from various international sources, meets the section 3(c) criteria and, therefore, is

¹/ 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary for FE pursuant to Redefinition Order No. 00-002.04D (November 6, 2007).

²/ Shell Energy's blanket authorization to import and export natural gas from and to Canada and Mexico, and to import liquefied natural gas from various international sources granted in DOE/FE Order No. 2480 on March 24, 2008, extends through May 12, 2010 (2 FE ¶ 71,607).

consistent with the public interest. This Order authorizes transactions with terms of no longer than two years.

ORDER

Pursuant to section 3 of the NGA, it is ordered that:

A. Shell Energy is authorized to import and export natural gas from and to Canada and Mexico, to export LNG to Canada and Mexico, and to import LNG from various international sources, up to a combined total of the equivalent of 1,200 Bcf of natural gas, pursuant to transactions that have terms of no longer than two years. This authorization shall be effective for a two-year term beginning on May 13, 2010, and extending through May 12, 2012.

B. This natural gas may be imported and exported at any point on the borders between the United States and Canada, and between the United States and Mexico.

C. This LNG may be imported and/or exported at any point on the borders between the United States and Canada, and between the United States and Mexico. This LNG may be exported at any LNG export terminal in the United States and its territories. This LNG may also be imported at any LNG receiving facility in the United States and its territories.

D. 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.

E. **Monthly Reports:** With respect to the natural gas imports and exports, and the imports and exports of LNG authorized by this Order, Shell Energy 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 and/or exports of natural gas or LNG have been made.

Monthly reports shall be filed whether or not initial deliveries have begun. If imports and/or exports have not occurred, a report of “no activity” for that month must be filed. If imports and/or exports of natural gas have occurred, the report must give the following details: (1) for imports, the country of origin; (2) for exports, the country of destination; (3) the point(s) of entry and exit; (4) the volume in thousand cubic feet (Mcf); (5) the average purchase price of gas per million British thermal units (MMBtu) at the international border; (6) the name of the supplier(s); (7) the name of the U.S. transporter(s); (8) the estimated or actual duration of the supply agreement(s); and (9) for imports, the geographic market(s) served (list State(s), U.S. Census Region(s), or general U.S. geographic area(s)). [OMB No. 1901-0294]

If imports of LNG by truck have occurred, the report must give the following details of each LNG cargo: (1) the name of the U.S. receiving facility; (2) the country of origin; (3) the point(s) of entry; (4) the name(s) of the supplier(s)/seller(s); (5) the name(s) of the LNG transporter(s); (6) the volume in Mcf; (7) the price per MMBtu at the point of entry; (8) the duration of the supply agreement; and (9) the geographic market(s) served (list State(s), U.S. Census Regions(s), or general U.S. geographic area(s)). [OMB No. 1901-0294]

If exports of LNG by truck have occurred, the report must give the following details of each LNG cargo: (1) the name of the U.S. departure facility; (2) the country of destination; (3) the point(s) of exit; (4) the name(s) of the supplier(s)/seller(s); (5) the name(s) of the LNG transporter(s); (6) the volume in Mcf; (7) the delivered price per MMBtu at the point of exit; and (8) the duration of the supply agreement. [OMB No. 1901-0294]

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 Mcf; (7) the landed price per 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)). [OMB No. 1901-0294]

If exports of LNG by vessel have occurred, the report must give the following details of each LNG cargo: (1) the name of the U.S. export terminal; (2) the country of destination; (3) the date of departure from the U.S. export terminal; (4) the name(s) of the supplier(s)/seller(s); (5) the name(s) of the LNG tankers; (6) the volume in Mcf; (7) the price per MMBtu at the point of exit; (8) the name(s) of the purchaser(s); and (9) the duration of the supply agreement. [OMB No. 1901-0294]

F. The first monthly report required by this Order is due not later than June 30, 2010, and should cover the reporting period from May 13, 2010, through May 31, 2010.

G. 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.

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