

QUARTERLY FOCUS: 2000 YEAR IN REVIEW

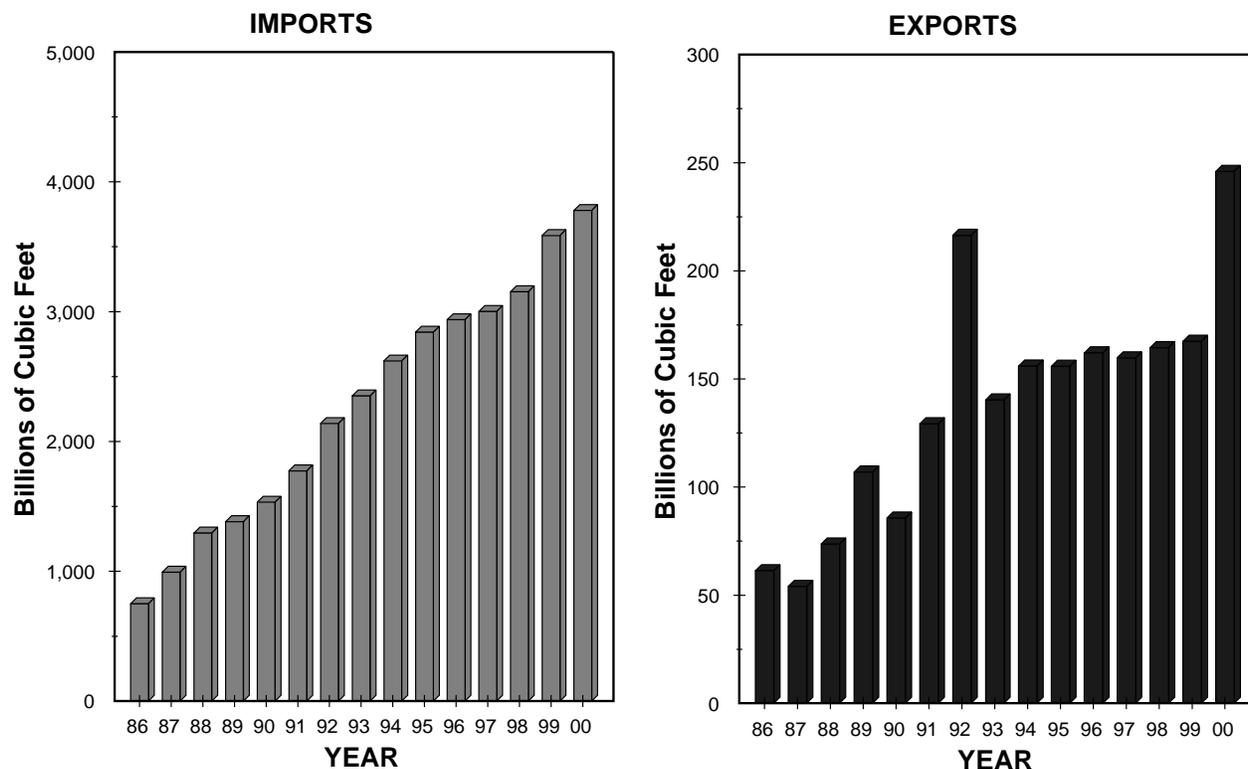
Table 1

--- YEAR AT A GLANCE ---		
<u>TOTAL IMPORTS</u>		
<u>COUNTRY OF ORIGIN</u>	<u>BCF</u>	<u>WEIGHTED AVG. PRICE (\$/MMBtu)</u>
Canada	3544.0	\$3.90
Mexico	11.6	\$5.43
Algeria	44.2	\$3.03 *
Australia	5.9	\$2.77 **
Indonesia	2.8	\$3.57 **
Nigeria	12.7	\$3.93 *
Oman	10.0	\$2.87 *
Qatar	46.0	\$3.06 **
Trinidad and Tobago	99.0	\$3.27 *
United Arab Emirates	2.7	\$3.16 **
TOTAL	3778.9	
<u>TOTAL EXPORTS</u>		
<u>COUNTRY OF DESTINATION</u>	<u>BCF</u>	<u>WEIGHTED AVG. PRICE (\$/MMBtu)</u>
Japan	65.6	\$4.27 ***
Canada	74.8	\$3.62
Mexico	105.5	\$4.27
TOTAL	245.9	
* Combination of Landed and Tailgate prices. ** Tailgate price. *** Delivered price.		

- **Table 1** shows the volumes and prices of natural gas imports by country of origin, and natural gas exports by country of destination for 2000. The weighted average price for imports is the per unit price (MMBtu) at the point of entry into the United States. The price shown for exports is at the point of exit, with the exception of sales to Japan; the price of exports to Japan is shown as a delivered price.
- Natural gas imports, for the thirteenth consecutive year, reached an historic high in 2000. The United States imported 3,778.9 Bcf and exported 245.9 Bcf of natural gas, resulting in **net** imports of 3,533 Bcf for the year. This represents an increase of 114.2 Bcf, or 3.3 percent over the net import 1999 level (3,418.8 Bcf).
- In 2000, natural gas exports increased by 78.6 Bcf, or 47 percent from the 1999 level (245.9 v. 167.3 Bcf). Exports to Mexico increased 72 percent and exports to Canada rose over 76 percent. Exports to Japan increased slightly.

Natural Gas Import and Export Activity 1986 - 2000

Figure 1

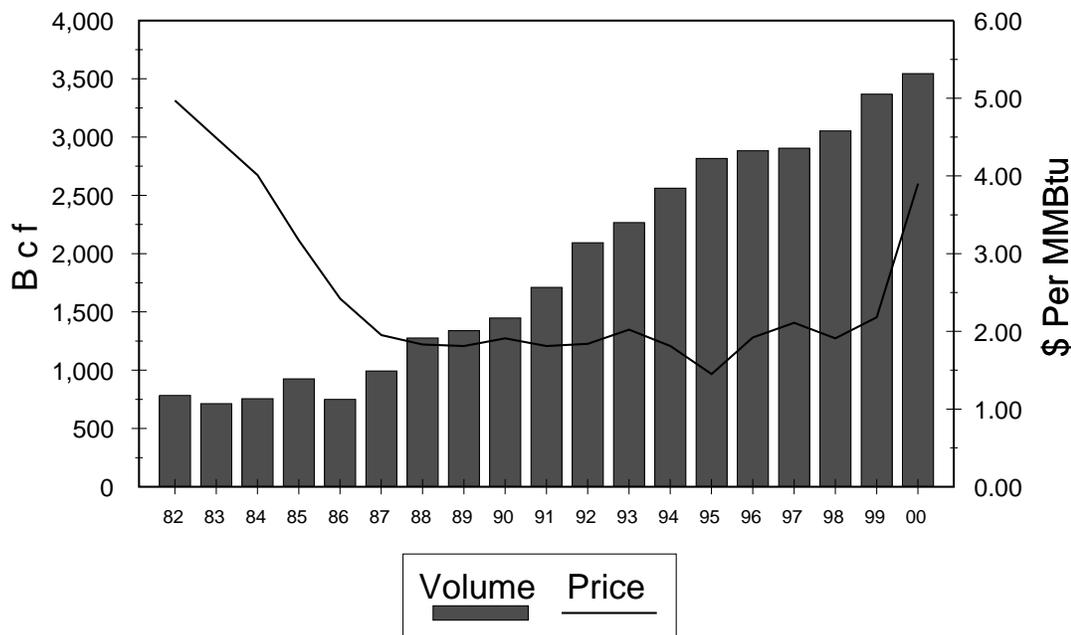


- **Figure 1** shows natural gas import and export activity over the past 15 years (1986-2000).
- From 1986 to 2000, gross imports have grown by over 404 percent (750 Bcf v. 3,779 Bcf). Additionally, **net** imports (imports minus exports) as a percentage of total domestic gas demand was an estimated 15.6 percent in 2000. This percentage dipped slightly from the previous year (15.8 percent) due to the fact that domestic demand for natural gas grew by 4.6 percent while **net** imports increased by only 3.3 percent.
- Total gross imports into the U.S. increased by 193 Bcf, or 5.4 percent over last year's level (3,779 Bcf v. 3,586 Bcf in 1999). This year's gain in import volumes were a result of a 37 percent increase in LNG imports (due to an 85 percent increase in volumes at CMS Energy's Lake Charles, Louisiana, facility) and a 5.2 percent growth in Canadian supplies. This growth in Canadian supplies was due, in part, to the addition of two new pipelines: Maritimes & Northeast Pipeline (124 Bcf in 2000) and the Alliance Pipeline (60 Bcf in 2000).
- Total exports this year reached 245.9 Bcf, a record high. During 2000, about 43 percent (105.5 Bcf) of the volumes were exported to Mexico, 30 percent of the volumes (74.8 Bcf) were exported to Canada, and 27 percent (65.6 Bcf) of the gas exports were shipped to Japan.

UNITED STATES - CANADA TRADE

**CANADIAN NATURAL GAS IMPORTS
VOLUMES AND PRICES
1982 - 2000**

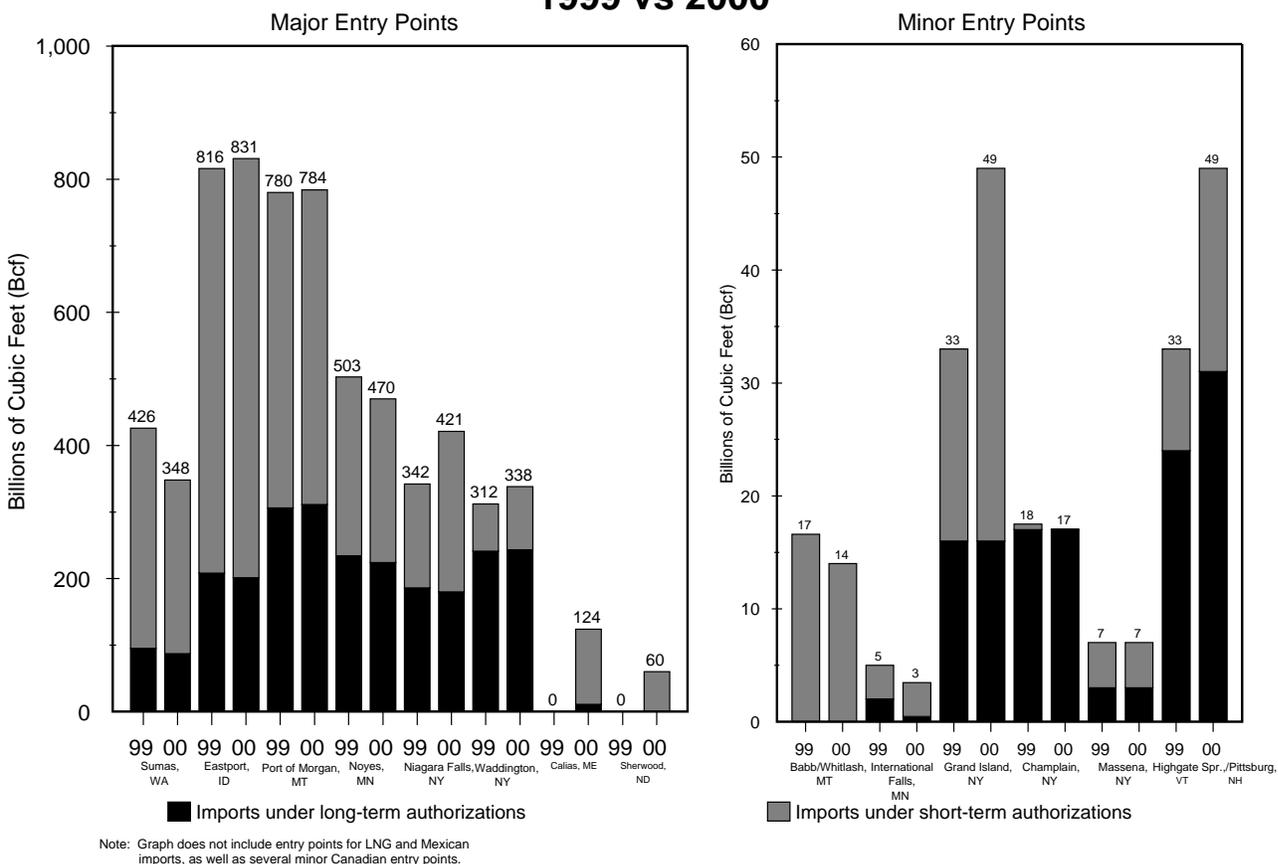
Figure 2



- **Figure 2** shows the volume and price trend for Canadian natural gas imports during the past 19 years.
- Canadian natural gas imports in 2000 grew by 175.8 Bcf, establishing a new record at 3,544 Bcf. The rate of growth from the 1999 level was 5.2 percent. The average international border price for Canadian gas supplies in 2000 was \$3.90 per MMBtu. This price was 79 percent higher than last year's average price of \$2.18 per MMBtu and is the highest since 1984 (EIA/DOE-0130 (August 2000), *Natural Gas Monthly*, Table SR7, page xxvi).
- The record prices for gas supplies during 2000 have resulted in significant increases in revenues for Canadian gas producers. In 2000, it is estimated that Canadian gas revenues reached \$13.8 billion; this compares with estimated 1999 revenues of \$7.3 billion.
- The average price of gas imported from Canada in 2000 was \$3.65 per MMBtu under long-term contracts (supply contracts longer than 2 years) and \$4.05 per MMBtu under short-term contracts (supply contracts of 2 years or less).
- During 2000, Canada's share of the natural gas import market in the United States was 93.8 percent. LNG imports from Algeria, Australia, Indonesia, Nigeria, Oman, Qatar, Trinidad and Tobago, and the United Arab Emirates comprised about 5.9 percent of the import market, and Mexico's share equaled about 0.3 percent.

Canadian Natural Gas Imports By Point of Entry 1999 vs 2000

Figure 3

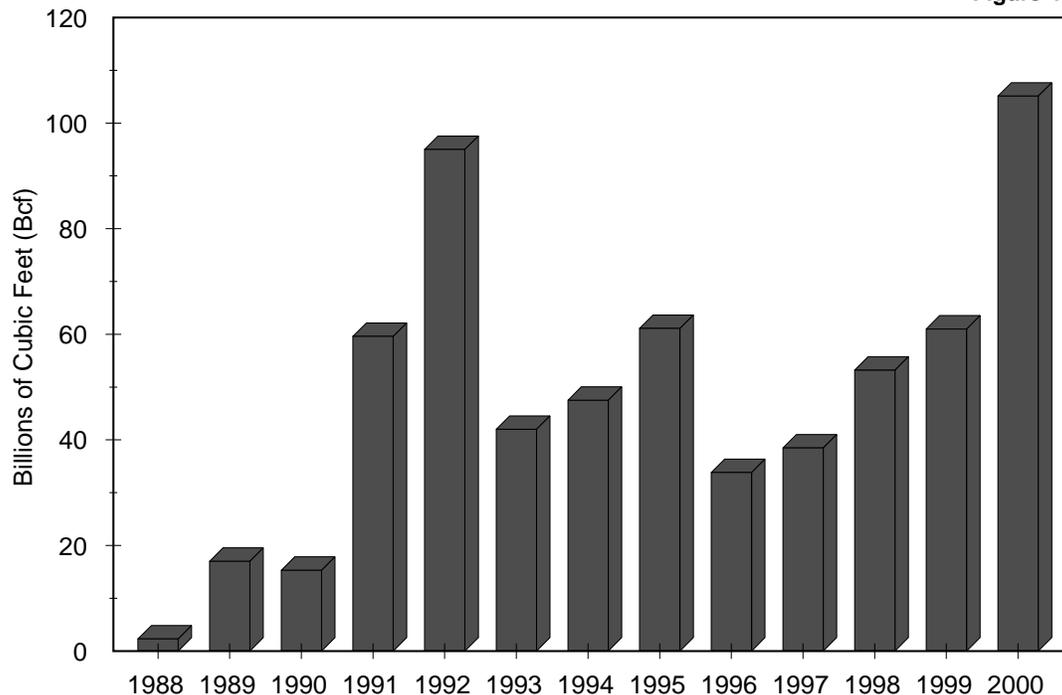


- **Figure 3** compares natural gas imports from Canada by point of entry for 1999 and 2000 and distinguishes between imports made under short-term and long-term import authorizations.
- **Figure 3** shows a wide spectrum of activity at the major import points this year. During 2000, the international border point of Niagara Falls, New York, showed the largest increase in volumes (up 23 percent). This surge in activity was the direct result of increased spot sales to the Mid-Atlantic and New England states. The chart above also includes two new import points at the U.S.-Canada border: Calais, Maine (Maritimes & Northeast Pipeline), and Sherwood, North Dakota (Alliance Pipeline). Import levels at two major entry points dropped this year: Sumas, Washington (down 18 percent); and Noyes, Minnesota, (down 6.5 percent).
- Most natural gas imports at the minor entry points on the U.S.- Canada international border increased or remained steady in 2000 compared to the previous year. Increased spot sales to the Mid-Atlantic Region resulted in a 48 percent increase in imports at Grand Island, New York. In addition, the start-up of a long-term contract, Androscoggin Energy LLC, and a rise in spot sales to the New England Region, contributed to a growth of 16 Bcf at the Highgate, Vermont/Pittsburg, New Hampshire, entry points.

UNITED STATES - MEXICO TRADE

**Natural Gas Exports To Mexico By Point of Exit
(1988 - 2000)**

Figure 4



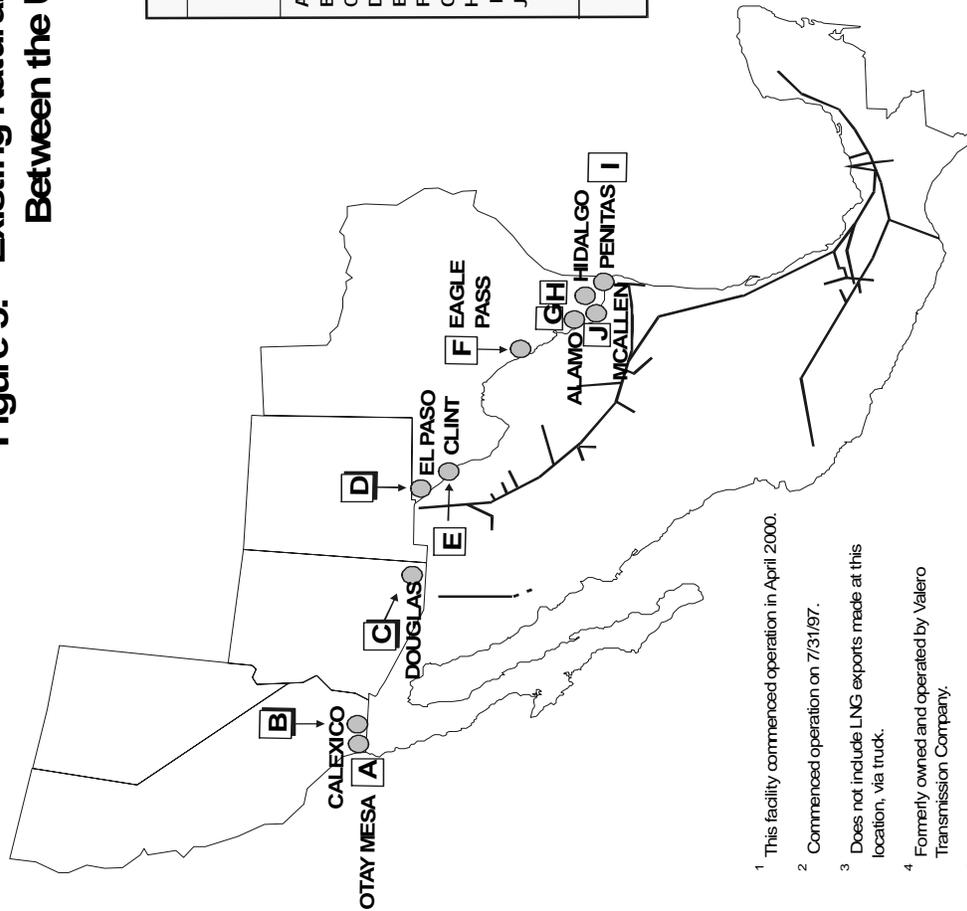
Alamo, TX	-	-	-	-	-	-	-	-	-	-	-	-	11.3
Calexico, CA	-	-	-	-	-	-	-	-	-	.3	2.1	3.7	3.9
Clint, TX	-	-	-	-	-	-	-	-	-	.1	30.9	42.4	45.5
Douglas, AZ	1.9	1.5	1.7	1.5	1.7	1.4	1.6	2.5	3.4	3.9	4.1	4.0	8.8
Eagle Pass, TX	.4	.5	.3	.7	.6	5.1	1.0	.7	.9	1.3	1.5	2.0	2.1
El Paso, TX	-	-	-	.8	16.4	9.3	11.3	14.6	13.4	17.8	7.4	6.1	7.5
Hidalgo, TX	-	15.0	13.3	56.6	53.7	7.8	11.0	11.5	7.6	12.0	6.0	2.8	12.6
McAllen, TX	-	-	-	-	-	-	-	-	-	-	-	-	4.3
Otay Mesa, CA	-	-	-	-	-	-	-	-	-	-	-	-	9.1
Penitas, TX	-	-	-	-	22.6	18.4	22.6	32.0	8.5	3.0	1.2	-	-
Total Exports	2.3	17.0	15.3	59.6	95.0	42.0	47.5	61.3	33.8	38.5	53.2	61.3	105.5
Total Exporters	2	2	6	23	22	18	17	21	29	25	25	21	14

- During 2000, 14 companies exported 105.5 Bcf of natural gas to Mexico. This represents the highest level of annual exports on record. As shown in **Figure 4**, the gas was exported at nine interconnects along the U.S.-Mexico border. Approximately 43 percent of exports occurred at

the international border near Clint, Texas, on the Samalayuca Pipeline. In addition, over 23 percent of the volumes exported to Mexico this year were exported on three pipelines that have become operational over the past 15 months: Tennessee Pipeline (Alamo, Texas), Rosarito Pipeline (Otay Mesa, California) and Coral-Mexico Pipeline (McAllen, Texas). The year's total exports to Mexico (105.5 Bcf) includes 417.7 MMcf of LNG, which was exported via truck, to Nogales, Sonora, and Baja California, Mexico.

- The weighted average price of exports to Mexico in 2000 was \$4.27 per MMBtu, which was 86 percent higher than last year's average price of \$2.29 per MMBtu. This year's price rose to its highest since 1984, when the weighted average price was \$4.48 per MMBtu (EIA/DOE-0130 (August 2000), *Natural Gas Monthly*, Table SR9, page xxxiii).
- On April 1, 2000, the Rosarito Pipeline Project became operational. The international pipeline facility, located at Otay Mesa, San Diego County, California, is a joint effort between Sempra Energy International (Sempra) and its utility affiliate San Diego Gas and Electric. On the U.S. side of the border, the facility consists of a meter station and 400 feet of 30-inch pipeline leading to the international border. At the international border, Sempra constructed a 23-mile pipeline to the Presidente Juarez power plant in Rosarito, Baja California, south of Tijuana. In addition to providing natural gas deliveries to the power plant, this new pipeline will make natural gas available for the first time to businesses and residents in nearby cities, as additional distribution systems are being planned to serve Tijuana, Tecate, and Ensenada. In 2000, 9.1 Bcf of natural gas flowed to Mexico on this new pipeline.
- Another pipeline project, the Coral Mexico Pipeline, LLC (Coral), an affiliate of Shell, began flowing gas to Mexico on October 23, 2000. The 24-inch, 104-mile pipeline has a capacity of 300 MMcf per day and interconnects with the Pemex system in Mexico. In addition, the \$50 million project features a bi-directional design, allowing the gas to flow in either direction across the border. The pipeline extends about 102.5 miles from Coral's gas pipeline system on the King Ranch in South Texas to the Mexican border near McAllen, Texas. An additional 1.5-mile segment in Mexico interconnects with the Pemex pipeline system at Arguelles, in the Mexican State of Tamaulipas. The entire pipeline was built by Coral, who owns and operates the U.S. portion. Pemex owns and operates the portion in Mexico.
- During 2000, imports from Mexico decreased 78.7 percent from the 1999 level (11.6 Bcf v. 54.5 Bcf). The average international border price for Mexican gas supplies was \$5.43 per MMBtu. This price was 153 percent higher than last year's average price of \$2.15 per MMBtu. Most of the import volumes this year were brought into the United States on the Tennessee Pipeline, located near Alamo, Texas. In December 2000, 1.1 Bcf was imported into the U.S. on the newly operational Coral Mexico Pipeline.
- **Figure 5** on the following page is a map showing the identity and location of the nine existing natural gas pipelines enabling cross-border trade between the United States and Mexico. The Table included with Figure 5 estimates the daily design capacities in MMcf for all of the pipelines and provides their actual average daily throughput from 1992 through 2000. With the construction and operation of two new pipelines, aggregate natural gas pipeline capacity at the international border grew by 600 MMcf per day, representing an increase in total pipeline capacity of almost 44 percent.

Figure 5. Existing Natural Gas Pipeline Interconnects Between the United States and Mexico



- 1 This facility commenced operation in April 2000.
- 2 Commenced operation on 7/31/97.
- 3 Does not include LNG exports made at this location, via truck.
- 4 Formerly owned and operated by Valero Transmission Company.
- 5 Commenced operation on 12/20/97.
- 6 This bi-directional facility commenced operation on 9/23/99.
- 7 Facility commenced operation on 8/1/92; formerly Valero Transmission.
- 8 This facility commenced operation on 10/23/2000.

Sources: Data derived from quarterly reports filed with Fossil Energy by natural gas exporters and filings before the FERC.

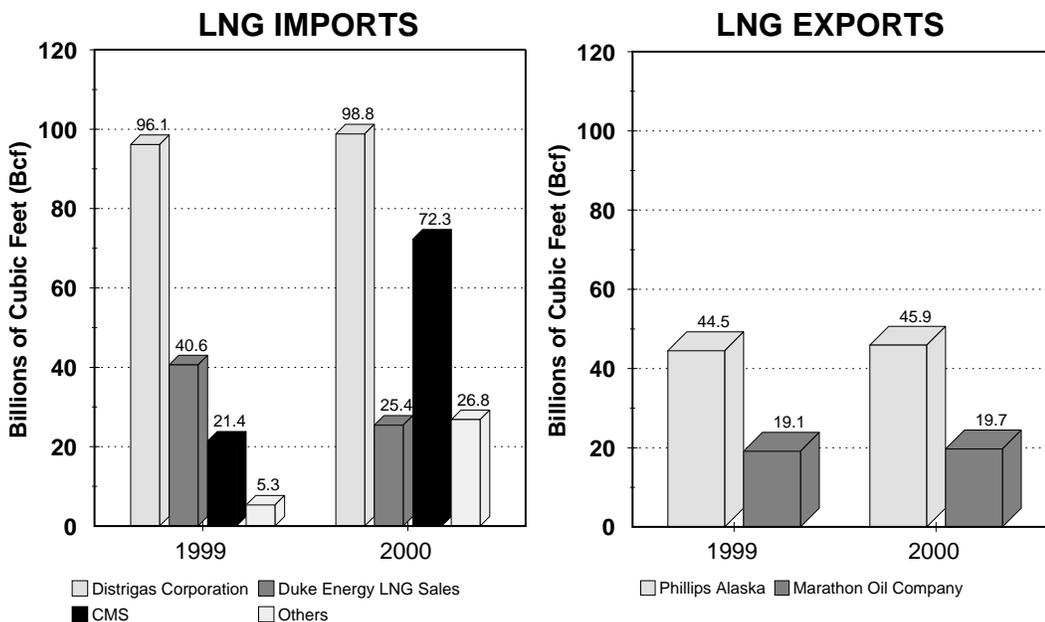
EXPORT POINTS														
Existing Exit Points	Pipeline	Estimated Capacity (MMcf/d)	Est. Daily Load Factor											
			1992	1993	1994	1995	1996	1997	1998	1999	2000			
A. Otay Mesa, CA ¹	Sempra Energy	300	0	0	0	0	0	0	0	0	0	0	0	33
B. Calexico, CA ²	SoCalGas	25	0	0	0	0	0	0	0	2	6	10	11	11
C. Douglas, AZ ³	El Paso Nat Gas	35	4	4	4	7	9	11	11	11	11	11	17	24
D. El Paso, TX	Nortero Pipeline	90	45	25	31	40	37	49	20	20	20	17	20	20
E. Clint, TX ⁴	Samalayuca	212	0	0	0	0	0	0	10	85	116	116	125	125
F. Eagle Pass, Tx	West Texas Gas ⁵	38	2	2	3	2	3	3	4	5	5	6	6	6
G. Alamo, TX ⁶	Tennessee Pipeline	220	0	0	0	0	0	0	0	0	0	0	0	31
H. Hidalgo, TX	Texas Eastern	350	147	21	30	31	21	33	16	8	35	35	35	35
I. Penitas, TX ⁷	PG&E Texas	400	62	52	62	88	23	8	3	0	0	0	0	0
J. McAllen, TX ⁸ (King Ranch)	Coral Mexico Pipeline LLC	300	0	0	0	0	0	0	0	0	0	0	0	61
Totals:			1970	260	104	130	168	93	116	145	167	167	167	346

LNG TRADE

Figure 6

LNG TRADE

1999 vs 2000



- **Figure 6** compares imports and exports of liquefied natural gas (LNG) for 1999 and 2000.
- During 2000, 8 companies, led by Distrigas Corporation (Distrigas), CMS Marketing, Services and Trading Company (CMS), and Duke Energy LNG Gas Sales, Inc. (Duke Energy), imported 223.3 Bcf of LNG into the United States. This represents the largest volume of imported LNG since 1979, when 252.6 Bcf of Algerian LNG entered the country (EIA/DOE-0130 (August 2000), *Natural Gas Monthly*, Table SR4, page xviii). As shown in **Figure 6**, total LNG imports in 2000 increased by 59.9 Bcf or 37 percent from the 1999 level (223.3 v. 163.4 Bcf). Imports by Distrigas into its Everett, Massachusetts, terminal rose three percent compared to 1999 (98.8 v. 96.1 Bcf), and imports by Duke Energy into CMS’ Lake Charles, Louisiana, terminal fell 37% (25.4 v. 40.6). This year, CMS imported 72.3 Bcf of LNG into its Lake Charles, Louisiana, terminal and replaced Duke Energy as the second largest importer of these supplies into the U.S. In addition, five other companies imported 26.8 Bcf of LNG under short-term/spot arrangements at the Lake Charles terminal this year: Cabot Energy Service Corporation, Coral Energy Resources, L.P., Enron International Gas Sales Company, and first-time LNG importers, BP Energy Company and Sempra Energy Trading Corporation.
- **Table 2** on the following page shows a detailed listing of 2000 imports of LNG. During 2000, a total of 100 cargoes of LNG were imported into the United States. Distrigas imported a total of 45 cargoes into its Everett, Massachusetts, receiving terminal. It purchased 8 cargoes from Algeria under a long-term import authorization and 37 cargoes from Trinidad and Tobago using both long-term and short-term authority. The total number of cargoes imported this year by Distrigas into its Everett, Massachusetts, facility remained the same as in 1999.

2000 Imports of Liquefied Natural Gas

Table 2

Name of Importer	Country of Origin	Number of Cargoes	Receiving Terminal	Volume (Mcf)	Avg. Price (\$/MMBtu)
BP Energy Co.	Trinidad	3	Lake Charles, LA	4,705,896	\$4.01
CMS Marketing	Australia	3	Lake Charles, LA	5,945,079	\$2.77*
CMS Marketing	Indonesia	1	Lake Charles, LA	2,760,492	\$3.57*
CMS Marketing	Nigeria	3	Lake Charles, LA	7,486,527	\$4.44*
CMS Marketing	Oman	1	Lake Charles, LA	2,333,081	\$2.93*
CMS Marketing	Qatar	19	Lake Charles, LA	46,056,840	\$3.06*
CMS Marketing	Trinidad	4	Lake Charles, LA	4,972,532	\$4.64*
CMS Marketing	UAE	1	Lake Charles, LA	2,725,126	\$3.16*
Cabot Energy	Trinidad	1	Lake Charles, LA	2,607,443	\$2.87
Coral Energy	Nigeria	2	Lake Charles, LA	5,167,885	\$3.18
Coral Energy	Oman	2	Lake Charles, LA	4,925,054	\$2.44
Distrigas Corp.	Algeria	8	Everett, MA	18,835,046	\$3.09
Distrigas Corp.	Trinidad	37	Everett, MA	80,002,805	\$3.16
Duke Energy	Algeria	10	Lake Charles, LA	25,366,677	\$2.98*
Enron Int'l. Gas	Oman	1	Lake Charles, LA	2,739,716	\$3.58
Sempra Energy	Trinidad	4	Lake Charles, LA	6,660,506	\$3.21
		100		223,290,705	\$3.19

* Denotes tailgate price. All other imports are at "landed cost."

- Duke Energy imported a total of 10 cargoes in 2000, down from 18 cargoes in 1999. This year Duke purchased all 10 cargoes from Algeria, using both long-term and short-term authorizations. At the Lake Charles, Louisiana terminal, CMS purchased 32 spot market cargoes from seven countries (19 from Qatar, 4 from Trinidad and Tobago, 3 from Australia, 3 from Nigeria, 1 from Oman, 1 from the United Arab Emirates, and 1 from Indonesia). This year marked the arrival of imported LNG from two new exporting countries -- Nigeria and Oman; however, this year's imports from Indonesia represented the second time that LNG was brought in from that nation. The initial arrival of LNG from Indonesia occurred in December 1986, when Cabot Energy imported 1.7 Bcf into the U.S., the sole shipment that year. Other spot market sales at Lake Charles in 2000 included Cabot Energy (1 spot cargo from Trinidad and Tobago) and Enron International Gas (1 spot cargo from Oman). In addition, two

companies importing LNG for the first time made spot sales as follows: BP Energy Company (3 spot cargoes from Trinidad and Tobago), and Sempra Energy (4 spot cargoes from Trinidad and Tobago).

- The average landed price of Algerian LNG imported in 2000 by Distrigas under its long-term authorization was \$3.09 per MMBtu, a 31 percent increase from the 1999 price of \$2.36 per MMBtu. The average landed price of LNG imported from Trinidad under two long-term arrangements was \$3.00, up 30 percent from last year. With respect to Duke Energy's purchases of Algerian LNG under a long-term contract, the average tailgate price in 2000 was \$2.98 per MMBtu, an increase of 98 cents from last year's price of \$2.00 per MMBtu. Under short-term authorizations, the average landed prices paid by Distrigas, Coral Energy, Enron, Cabot Energy, BP Energy and Sempra Energy were \$4.09, \$2.82, \$3.58, \$2.87, \$4.01, and \$3.21 per MMBtu, respectively, and the average tailgate prices paid by Duke and CMS Marketing were \$3.00 and \$3.31.
- This year (2000) also marked the start-up of a new LNG import project in Puerto Rico (EcoElectrica, L.P.). Beginning on July 10, 2000, EcoElectrica purchased 6 cargoes of LNG from Cabot LNG Trading Limited, totaling 12.3 Bcf for the year. All of the supplies came from Trinidad & Tobago under a long-term purchase contract. The weighted average landed price for these supplies was \$3.41 per MMBtu. The EcoElectrica facility, located on the south coast of Puerto Rico near the city of Ponce, is using the shipments to fuel a new 461-MW gas-fired cogeneration plant.
- The year's record high domestic gas prices and strong demand provided increased momentum for LNG trade. **Table 3** on the following page shows the growth and diversity of countries supplying LNG to the U.S. over the past six years, and signifies the growing importance of spot sales to this expanded trade. In addition to record high domestic gas prices, the growth in LNG imports this past year can be attributable to an increase in spot sales, especially by Middle East sellers. In 2000, almost 52 percent of all short-term LNG imports originated in Middle East countries (Oman, Qatar, and the United Arab Emirates).
- The trend in LNG demand growth is expected to continue as U.S. import facilities undergo major changes to position themselves for this trade. Over the last two years, all four LNG facilities in this country have seen changes in ownership and many are overseeing facility expansions and enhancements in preparation for increased activity. It is interesting to note that the total LNG imports for 2000 (223.3 Bcf) was just a few cargoes short of the 1979 record of 252.3 Bcf, which was achieved when all four terminals were in operation. Below is a brief review of the four U.S. facilities.

Cabot LNG – Cabot LNG owns and operates the only currently active LNG import terminal on the East Coast. The facility, located at Everett, Massachusetts (just north of Boston), has been in operation since 1971. On September 19, 2000, Cabot Corporation announced the completion of its sale of Cabot LNG, LLC to Tractebel, Inc., for \$680 million. Tractebel is a global energy and services business and is the sole energy marketing arm of France's Suez Lyonnaise des Eaux. In 2000, Distrigas Corporation, a subsidiary of Cabot LNG, imported 98.9 Bcf of LNG into the Everett, Massachusetts facility. Most of these supplies serve the New England states.

Table 3

Spot/Short-Term Sellers of LNG To The United States (Billions of Cubic Feet)						
Country	1995	1996	1997	1998	1999	2000
Algeria	5.1			2.7	10.1	3.0
United Arab Emirates		4.9	2.4	5.3	2.7	2.7
Australia			9.7	11.6	11.9	5.9
Qatar					19.7	46.0
Trinidad and Tobago					13.2	30.3
Malaysia					2.6	
Nigeria						12.7
Oman						10.0
Indonesia						2.8
Total Spot Market Cargoes	2	3	5	8	27	55
Total LNG Spot Sales	5.1	4.9	12.1	19.6	60.2	113.4
% of Total LNG Imports	28.5	12.2	15.6	22.8	36.8	50.8

CMS – The only other currently active LNG terminal in the United States is owned and operated by CMS Energy. The facility, located near Lake Charles, Louisiana, has been in operation since 1982. On March 29, 1999, CMS acquired Panhandle Eastern Pipe Line Company and Trunkline Gas Company (including Trunkline LNG Company) from Duke Energy Corporation. On March 30, 2001, CMS Energy received final approval from the Federal Energy Regulatory Commission (FERC) to increase its sendout capacity at the Lake Charles LNG import terminal. The expansion will produce a 43 percent increase in capacity (from 700 MMcf to 1 Bcf per day). In 2000, the CMS terminal received a record 55 cargoes of LNG, and forecasts for 2001 indicate that shipments will most likely reach a new level. Based on this surge of activity (since 1998 total LNG import volumes at Lake Charles have increased 190%, and spot sales at the terminal this year rose 129% from 1999), indications are that a second expansion will be underway at the CMS facility in the near future, with the intent of increasing sendout capacity to 1.25 Bcf per day.

Elba Island – Located near Savannah, Georgia, the Elba Island facility last imported LNG in 1980. Southern LNG, a division of Southern Natural Gas Company (Southern), currently is reactivating the terminal to serve their growing markets in the southeastern U.S. On October 25, 1999, Southern (including Southern LNG) became a subsidiary of El Paso Energy

Corporation, following a merger with Southern's former parent company, Sonat Inc. On January 21, 2000, the Department of Energy authorized El Paso Merchant Energy-Gas, L.P., an affiliate of El Paso Energy Corporation, to import up to 82 Bcf per year of LNG from Trinidad and Tobago for over 22 years to the Elba Island, Georgia, terminal. On March 16, 2000, the FERC issued a Certificate of Public Convenience and Necessity authorizing Southern LNG to construct new facilities and to repair and upgrade existing facilities after 20 years of inactivity. On February 23, 2001, the FERC granted preliminary approval on non-environmental grounds to Southern LNG for proposed enhancements to their vaporization facilities, a measure that would increase vaporization capacity from 540 MMcf per day to 675 MMcf per day. To date, the planned in-service date for the Elba Island terminal is scheduled for October 2001.

Cove Point – The Cove Point terminal, located in Lusby, Maryland, outside of Washington, D.C., last imported LNG in 1980 and has served as a peakshaving storage facility since 1995. In June 2000, the Williams Company (Williams) purchased the Cove Point LNG limited partnership from Columbia Energy Group, and on January 30, 2001, Williams applied to the FERC for approval to reopen the terminal. In its application, Williams asked the FERC for permission to renovate and reactivate the offshore pier and related facilities and to authorize the construction of a fifth storage tank and other operating equipment. The reactivation of the existing facilities and the initial import service is proposed to commence in April 2002.

- In addition to changes at the four U.S. LNG import facilities, recent announcements by several companies seem to indicate there will be substantial growth in LNG supplies in the foreseeable future. Over the past year, strong gas prices and rising demand have encouraged many companies to increase their positions in this growing market. Recent developments in the industry include the following:
 - In February, **El Paso Corporation** announced it plans to spend \$1.5 billion over the next five years to build six LNG terminals for North American markets. In support of this effort, the company recently signed a preliminary agreement to purchase LNG from a planned project in Australia, led by Phillips Petroleum Company. The LNG would enter the U.S. through a new import terminal to be constructed on the Pacific Coast, most likely in Baja California, Mexico. The location of this terminal would be a first for the industry -- the only operating LNG facility on the Pacific Coast. The regasified LNG is expected to go to consumers in California and the growing market around Tijuana, Mexico.
 - **Enron Corporation** is considering building an LNG receiving and storage terminal in the Bahamas, along with a natural gas pipeline to deliver the gas to Florida. Currently in the preliminary stages, the company would develop an LNG receiving and storage terminal on a 90-acre tract on Grand Bahama Island. The facility would be connected to the U.S. market via a 90-mile pipeline to a site north of Miami. The project, if completed, would serve customers in the fast-growing Florida market.
 - **Chevron Corporation** plans to spend approximately \$400 million to build a terminal for importing LNG from Australia to the U.S. Several sites for the project currently are being evaluated, including onshore and offshore California and northwest Mexico. The fuel would be marketed to the electric power sector in California and northern Mexico.

- **Figure 6** shows the volume of LNG exported by Phillips Alaska Natural Gas Corporation (Phillips) and Marathon Oil Company (Marathon) from Kenai, Alaska, to Japan during 1999 and 2000.
- LNG exports to Japan increased 3.1 percent this year from the 1999 level (65.6 v. 63.6 Bcf). The weighted average delivered price for these volumes in 2000 was \$4.27 per MMBtu, which represents a 40 percent increase over the 1999 price of \$3.05 per MMBtu. This year's price was the highest since 1985, when the average annual sales price for LNG delivered to Japan was \$4.81 per thousand cubic feet (EIA/DOE-0130 (August 2000), *Natural Gas Monthly*, Table SR9, page xxxiii). In addition, LNG volumes totaling 417.7 MMcf were exported to Nogales, Sonora, Mexico, and Baja California, Mexico, via truck, this year.

Note: Data used in this report are from company filings made with the Office of Fossil Energy (FE). All 1999/2000 year-to-year comparisons utilize FE data. One should be mindful of the fact that FE data is collected on an equity (sales) basis, rather than on a custody (physical movements) basis, as employed by the Energy Information Administration (EIA) in its reports. As a consequence, the data may have some minor variances.