

**UNITED STATES OF AMERICA  
BEFORE THE  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY**

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OFFICE OF FOSSIL ENERGY  
U.S. DEPARTMENT OF ENERGY

San Diego Gas & Electric Company

DOE/FE Docket No.

04-119-N6

**APPLICATION OF  
SAN DIEGO GAS & ELECTRIC COMPANY  
FOR BLANKET AUTHORIZATION TO  
IMPORT AND EXPORT NATURAL GAS  
BETWEEN MEXICO AND THE UNITED STATES  
ON A SHORT-TERM BASIS**

Pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. §717b, as amended, Department of Energy ("DOE") Delegation Order Nos. 0204-111 and 0204-127, and the Department's regulations, 10 C.F.R. Part 590, San Diego Gas & Electric Company ("SDG&E") hereby submits this Application to the Office of Fossil Energy ("OFE") for blanket authorization to import and export up to 5 Bcf of natural gas between Mexico and the United States for a term of two years, commencing November 22, 2004. SDG&E is requesting authorization retroactively to this date due to unanticipated operational events involving a temporary operational constraint resulting from an emergency that SDG&E could not have foreseen which necessitated the importation of natural gas from Mexico in order to avoid curtailment of gas delivery service.

As described below, the blanket authorization requested herein will permit Applicant to import and export natural gas through certain Border Facilities in the event of a

temporary operational constraint resulting from an emergency situation, events of *force majeure*, or system maintenance. The Border Facilities consist of a meter station and approximately 400 feet of 30-inch pipeline extending from the SDG&E distribution system to the International Boundary with Mexico, with a maximum capacity of 5 Bcf for two years.

To effect these deliveries SDG&E has recently entered into a Mutual Assistance and Operational Balancing Agreement (the "MAA") with Transportadora de Gas Natural de Baja California ("TGN"), an SDG&E affiliate. A copy of the MAA is attached as Exhibit A hereto. Under the MAA, as mentioned above, SDG&E will be entitled, in the event of a temporary operational constraint resulting from an emergency situation, events of *force majeure*, or system maintenance, to call on TGN for gas supplies at the International Border adjacent to the Border Facilities. Under the MAA, deliveries from one party's gas system would be required where such deliveries would support the reliability of the other party's system on an interruptible basis without negatively affecting its own operations.

In order to implement the MAA, SDG&E proposed to the Federal Energy Regulatory Commission ("FERC") to modify the Border Facilities to accommodate flows in either direction (the "FERC Order") on an automated basis rather than as occurs today on a manual basis over the existing facilities. On October 8, 2004 the FERC issued its Order Amending Presidential Permit And Authorization Under Section 3 of the Natural Gas Act, which granted SDG&E the requested amended authorizations based on the Commission's finding that "the proposal is in the public interest since it will allow gas to

be exchanged between SDG&E and its Mexican Affiliate, TGN, for operational balancing purposes.” A copy of the FERC’s Order is attached as Exhibit B hereto.

The requested short-term authorization is needed in blanket form in order to allow SDG&E to import gas from or export gas to TGN’s facilities. In support hereof, SDG&E shows the following:

**I.**

The exact legal name and principal office address of the Applicant is:

San Diego Gas & Electric Company  
8306 Century Park Court, Suite 21D  
San Diego, CA 92123-1593

Communications regarding this Application should be directed to:

David G. Taylor  
San Diego Gas & Electric Company  
555 W. Fifth Street  
Mail Location 750A  
Los Angeles, CA 92101  
Telephone: (323) 266-5841  
Fax: (323) 269-5345

James F. Walsh  
Attorney for  
San Diego Gas & Electric Company  
1-01 Ash Street, HQ13D  
San Diego, CA 92101-3017  
Telephone: (619) 699-5022  
Fax: (619) 699-5027

**II.**

SDG&E is a California corporation that is engaged in the retail distribution of natural gas and gas transportation services to approximately 800,000 customers in the City and County of San Diego, California. SDG&E’s retail rates are subject to the jurisdiction of

the California Public Utilities Commission. Currently, the Border Facilities have a maximum capacity to deliver 350 Mmcf/day between TGN and SDG&E.

### III.

Pursuant to the authorization requested herein, the MAA contemplates a simultaneous commodity exchange or displacement transaction, rather than a commodity sale or purchase transaction. For example, SDG&E as a requesting party would replace the gas delivered at Otay Mesa by simultaneously scheduling an equivalent amount to be delivered to TGN at a different delivery point.

The DOE regulations relating to the import and export of natural gas, 10 C.F.R. Part 590, set forth several considerations which an Applicant must describe in order to provide the Department with sufficient information to examine the competitiveness of the import, the need for natural gas, and the security of the supply. That the import authorization requested herein is not inconsistent with the public interest, as determined by reference to these factors, is shown below:

#### A. SCOPE OF THE PROJECT

The authorization requested herein will permit SDG&E on a short term basis to import natural gas from and export natural gas to TGN in the event of a temporary operational constraint resulting from an emergency situation, events of *force majeure*, or system maintenance on either SDG&E's or TGN system. SDG&E requests blanket authorization to import up to a maximum of 5 Bcf over a term of two years, beginning on November 22, 2004. Authorization is requested to occur on this date because SDG&E anticipates it will need to curtail natural gas deliveries or alternatively import natural gas

from TGN pursuant to the MAA during the SDG&E's electric peak period. This peak period is presently anticipated to occur during operating hours sixteen through twenty on November 22, 2004 when the California System Operator must dispatch electric generation in the San Diego basin to meet its customers' requirements as a result of the unexpected forced outage of the San Onofre Nuclear Generating Station Unit 2. This unexpected outage combined with weather related natural gas demand will cause an unacceptable level of natural gas pipeline pressure that can only be managed through imports from the TGN system under the MAA.

As earlier described, the MAA contemplates a simultaneous commodity exchange or displacement transaction, rather than a commodity sale or purchase transaction. For example, SDG&E as a requesting party would replace the gas delivered at Otay Mesa by simultaneously scheduling an equivalent amount to be delivered to TGN at a different delivery point.

The imports into SDG&E's system for which authorization is requested herein that were required to begin during late afternoon on November 22<sup>nd</sup> and may continue into November 23<sup>rd</sup> will not require the construction of any new pipeline facilities because these imports can be accommodated through the existing Border Facilities. SDG&E currently anticipates that these imports will no longer be required thereafter in the absence of some other temporary operational constraint resulting from an emergency situation, events of *force majeure*, or system maintenance on either SDG&E's or TGN system.

As reflected in Paragraph 7 of the FERC's Order, SDG&E contemplates making improvements to the Border Facility to allow deliveries pursuant to the MAA to be

automated. However, imports and exports are requested to be authorized at the Border Facility located near the U.S.-Mexican border in south San Diego County, but no new or different environmental impacts will result from the proposed new facilities approved by FERC for the proposed importation of natural gas. Accordingly, FERC found that no further review under the National Environmental Policy Act, 42 U.S.C. § 4321, et seq. (NEPA) was required for SDG&E's proposed activities.<sup>1</sup> Consequently, granting this application will not be a federal action significantly affecting the quality of the human environment within the meaning of NEPA. Neither an environmental impact statement nor environmental assessment under NEPA is required.

#### **B. NEED FOR NATURAL GAS**

Consistent with the authorization sought and the policy approach of the Secretary of Energy need for the gas is demonstrated by the fact, and to the extent, that SDG&E has an established market for the gas in its local gas distribution operations. The Secretary's Policy Statement dated February 15, 1984 indicates that imported gas marketed at competitive prices over the term of the contract is subject to a rebuttable presumption that such gas is needed. In the present circumstance where the natural gas is exchanged for operational balancing purposes, this rebuttable presumption should equally apply here.<sup>2</sup>

#### **C. SECURITY OF SUPPLY**

This assistance is available under the MAA on a short term basis that is in the sole discretion of the responding party to a request for service. Accordingly, security of supply in the circumstances contemplated by the MAA is not as compellingly required in

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<sup>1</sup> FERC's Order, Paragraph 16, mimeo at page 5.

circumstances when mutual assistance during short term events contemplated by the MAA is being provided between SDG&E and TGN on a basis solely in the discretion of the party providing the requested service.

**D. STATEMENT OF PUBLIC INTEREST**

Pursuant to Section 3 of the NGA, 15 U.S.C. §717b, proposed importation must be authorized unless there is a finding that it “will not be consistent with the public interest.” The NGA further provides, however, that:

the importation of natural gas referred to in subsection (b) . . . with which there is in effect a free trade agreement requiring a national treatment for trade in natural gas shall be deemed to be consistent with the public interest, and applications for such importation . . . shall be granted without modification delay.

Section 3(c) of the NGA, 15 U.S.C. §717b(c).

A free trade agreement of the sort described in Section 3(c) is currently in effect. Accordingly, the requested renewal authorization to import natural gas must be deemed to be in the public interest. Further, the imports and exports by SDG&E that are contemplated by the MAA will enhance the reliability of SDG&E’s and TGN’s facilities, and will serve the public interest by improving the ability of adjoining pipelines to provide mutual assistance to each other in the event of a temporary operational constraint resulting from an emergency situation, events of *force majeure*, or system maintenance.

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<sup>2/</sup> Delegation Order No. 0204-111, February 15, 1984, 49 Fed. Reg. 6684, 6687 (February 22, 1984).

IV.

SDG&E requests a blanket import and export certificate so that it can be assured that it can quickly respond to the short term requirements for natural gas in the event of a temporary operational constraint resulting from an emergency situation, events of *force majeure*, or system maintenance. To the best of SDG&E's knowledge, there are no proceedings pending before the DOE or the FERC directly related to this Application. For these reasons, SDG&E submits that approval of its planned imports and exports under the terms and conditions proposed herein is required to allow SDG&E to provide reliable service to customers.

With respect to the imports and exports authorized in connection with the instant Application, SDG&E shall file with the Office of Fuels Programs within 30 days following each calendar quarter, quarterly reports indicating whether imports and exports of natural gas have been made and if so, giving by month the total volume of the imports and exports in MMcf. The reports shall also provide the details of each import and export transaction.

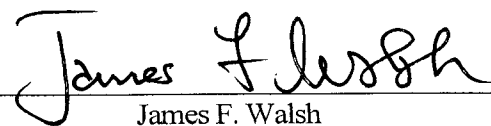
V.

Wherefore, SDG&E respectfully requests that the OFE grant SDG&E its blanket authorization pursuant to Section 3 of the NGA, as amended, to import and export natural gas on the terms and conditions described herein.

Respectfully submitted,

San Diego Gas & Electric Company

By:

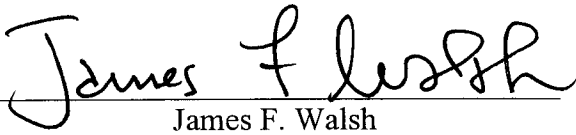
  
James F. Walsh

Dated: November 23, 2004

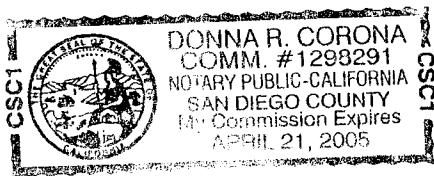


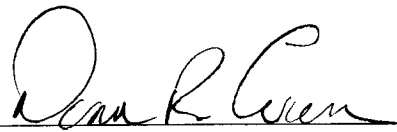
**ACKNOWLEDGMENT**

James F. Walsh, of lawful age, being first duly affirmed, states that he is an attorney representing San Diego Gas & Electric Company in this matter; that he has read the foregoing Application and knows the contents thereof; that the statements contained herein are true and correct to the best of his knowledge, information and belief; and that he is authorized to file the same with the Department of Energy's Office of Fossil Energy.

  
James F. Walsh

SUBSCRIBED AND SWORN before me on this 23<sup>rd</sup> day of November at San Diego, California.



  
Notary Public in and for  
The State of California  
County of San Diego

My Commission Expires: 4/21/05



San Diego Gas & Electric  
101 Ash Street  
San Diego, CA 92101-3017

November 23, 2004

United States Department of Energy  
Office of Utility Systems  
Economic Regulatory Administration  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

Ladies and Gentlemen:

This Opinion is rendered in connection with the Application of San Diego Gas & Electric Company for Blanket Authorization to Import and Export Natural Gas From Mexico on a Short-Term Basis ("Application"), pursuant to Section 3 of the Natural Gas Act, 15 U.S.C. Section 717(b), as amended, Department of Energy Delegation Order Nos. 0204-111 and 0204-127, and the Department's regulations, 10 C.F.R. Part 590. Pursuant to Section 590.202(c), I am providing this Opinion of Counsel showing that a proposed import or export of natural gas is within the corporate powers of the Applicant.

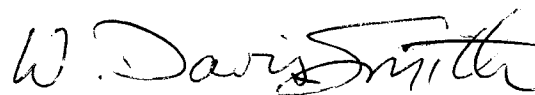
Based on my understanding of the Application and my examination of such documents, records and matters of law as I have considered relevant in the premises, it is my opinion that:

1. SDG&E is duly incorporated, validly existing and in good standing under the laws of the State of California;
2. SDG&E is in compliance with all applicable Federal and state laws; and
3. The proposed import and export of natural gas is within the corporate powers of SDG&E.

I express no opinion as to the laws of any other jurisdiction or as to any matters of municipal law or the laws, rules or regulations of any local agency in any state. This opinion is issued as of the date hereof and is necessarily limited to the laws in effect at

this time. I am not assuming any obligation to review or update this opinion should the law or existing facts or circumstances change. This opinion is provided by me as counsel for SDG&E solely to you for your exclusive use and is not to be made available to or relied upon by any other person or entity without my prior written consent.

Very truly yours,

A handwritten signature in black ink that reads "W. Davis Smith". The signature is written in a cursive style with a large, sweeping "S" at the end.

W. Davis Smith  
General Counsel

**EXHIBIT A**

MUTUAL ASSISTANCE AND OPERATIONAL BALANCING AGREEMENT  
between  
TRANSPORTADORA DE GAS NATURAL  
and  
SAN DIEGO GAS & ELECTRIC COMPANY

THIS MUTUAL ASSISTANCE AND OPERATIONAL BALANCING AGREEMENT ("MA/OBA") is made and entered into by and between Transportadora de Gas Natural de Baja California, S. de R.L. de C.V., hereinafter referred to as "TGN," and San Diego Gas & Electric Company, a California corporation, hereinafter referred to as "SDG&E," this 23rd day of December, 2003 ("Effective Date"). TGN and SDG&E shall also be hereinafter referred to individually as "Party" and jointly as the "Parties."

RECITALS

WHEREAS, TGN is an "Mexican pipeline" and is regulated by and operates subject to the rules and regulations of the Mexican Energy Regulatory Commission ("CRE") and transports gas to points along its pipeline system; and

WHEREAS, SDG&E is a "natural gas corporation" as defined in the Public Utilities Code of the State of California and is subject to the jurisdiction of the California Public Utilities Commission ("CPUC"); is a "Hinshaw" pipeline exempt from the jurisdiction of the Federal Energy Regulatory Commission ("FERC") under section 1 (c) of the Natural Gas Act and is a "local distribution company" served by an interstate pipeline within the meaning of Sections 2(17) and 311 of the Natural Gas Policy Act of 1978 and the Regulations of the FERC thereunder; and

WHEREAS, the facilities operated or to be operated by SDG&E at a Location(s) specified in Exhibit 1 attached hereto and incorporated herein by this reference (hereinafter referred to as "Location," whether one or more); and

WHEREAS, TGN and/or SDG&E may from time to time encounter temporary operational constraints on their respective gas systems due to emergencies, events of force majeure, system maintenance, or other reasons; and

WHEREAS, until such time as there is a permanent interconnect between the Parties' gas systems, with a firm interconnection agreement, deliveries from the other Party's gas system could support the reliability of the other on an interruptible basis without negatively impacting its own operations; and

WHEREAS, the Parties desire to implement an MA/OBA in order to facilitate more efficient operations, accounting, and systems management at the Location and on the Parties'

respective gas systems and to provide for certain terms and conditions under which gas will be delivered by one Party and accepted by the other at the Location for the limited purpose set forth herein;

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, the Parties agree as follows:

1. When one Party believes it has or may have operational constraints for which support from the other would mitigate operational constraints and/or allow the continuation of service to customers (the "Requesting Party"), it will request service hereunder from the other Party (the "Responding Party") specifying the capacity and the proposed dates for provision of services.
2. The Responding Party, in its sole discretion, will determine whether it can provide the service requested or some portion thereof, and provide notice thereof to the Requesting Party.
3. Upon agreement between the Parties as to the service that can and will be provided without negative impact to the Responding Party in its sole judgment, the Parties shall confirm with each other the gas deliveries which will be delivered or received at the Location. Such confirmation between the Parties shall be made electronically or in writing, unless otherwise mutually agreed to by the Parties.
4. In the event SDG&E is the Requesting Party it will make deliveries at the interconnection between the North Baja Pipeline and Gasoducto Bajanorte located at Ogilby, California for TGN's account (the "Receipt Point") contemporaneously with TGN making deliveries at the Location. In the event TGN is the Requesting Party, on behalf of itself or its shipper, TGN will make deliveries at any available scheduling point for receipts into the Southern California Gas Company's utility system for SDG&E's account (the "Receipt Point(s)") contemporaneously with SDG&E making deliveries at the Location.
5. The Requesting Party shall pay a Service Charge for all deliveries made at the Location equal to the highest volumetric transportation rate in SDG&E's tariff Rate Schedules in effect at the time the service is rendered. Payment shall be made by the 25<sup>th</sup> day of the month immediately following the month of deliveries. In the event that this rate schedule is significantly altered as to rate, scope or applicability, or should cease to exist, the Parties shall mutually agree, in writing, to an appropriate substitute rate for mutual assistance receipts and deliveries of natural gas.
6. a. At the Interconnection Point, SDG&E shall install such valves, meters, separators, quality measurement, odorant and other equipment as the

Parties mutually agree are necessary to measure, regulate, receive and deliver gas at the Location, including equipment necessary to transmit electronic measurement data on a current basis to TGN. TGN shall install such valves, piping and other equipment, as it deems necessary to have the capability to receive and deliver at the Location. All such installations shall be mutually agreeable to the Parties and consistent with all applicable regulatory standards.

- b. TGN may install or cause to be installed and operate check meters at its option and expense to check SDG&E's meters, but measurement of gas for the purposes of this MA/OBA shall be by SDG&E's meters. Such check meters and equipment shall be installed so as not to interfere with the operation of the meters and measuring equipment now existing or to be installed by SDG&E.
- c. TGN shall have the right to be present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with SDG&E's measuring equipment used in measuring gas flows between TGN and SDG&E. SDG&E shall give notice to TGN prior to conducting such activities. Except in the event of an emergency, such notice shall be received by TGN at least three (3) days prior to any such activity. The records from such measuring equipment shall remain the property of SDG&E, but upon request SDG&E shall make available to TGN (and its representatives) copies of such records and charts, together with calculations therefrom, for inspection and verification during normal business hours. SDG&E will test its measuring equipment upon TGN's request based on a reasonable belief that metering error is occurring. If, as a result of any testing, it is determined that there has been error in measurement greater than 1% individually or collectively, the Parties will adjust all prior periods back to the period where it could be determined that the errors commenced, or if that is not agreed upon, it will be adjusted to the date of the last test where no errors were detected or errors were corrected. Such adjustment will be to correct the total amount of the error. If any such requested special calibration shows that the meter was registering within one percent (1%) accuracy, then the cost of such requested special calibration shall be borne by the requesting Party. In the event that any calibration of the meter does not register within one percent (1%) accuracy, then the cost of such requested special calibration shall be borne by SDG&E.
- d. The accuracy of all measuring equipment shall be verified and/or calibrated by SDG&E on a monthly basis. Transmitters shall be calibrated if any verification/calibration point is found to be out of calibration in

excess of +/- 0.10%. Additionally, transmitters shall be calibrated if a bias occurs in a single direction (either positive or negative) for a consecutive period of three months (transmitters shall be calibrated, to remove this bias, in the third month of this period). All verifications and calibrations shall meet or exceed the standards defined in the current approved applicable API standard. SDG&E shall make available to TGN on as current basis as reasonably feasible any electronic measurement data compatible with TGN's electronic files (not "hard copy") that SDG&E obtains related to gas delivered at the Location(s). The Parties recognize the value of implementing utilization of electronic measurement devices (to the extent they are recognized in the gas industry as dependable, accurate and cost effective) and shall jointly cooperate to implement the installation of such devices, and sharing the resulting data, to provide as current measurement information to each other as reasonable under the circumstances; however, no particular electronic measurement device or method of sharing of resulting electronic data (on a real time basis or otherwise) shall be required unless mutually agreed. Methods of determining accuracy of electronic measurement, and procedures for calibration of electronic equipment shall be subject to mutual agreement, giving due consideration to methods and procedures accepted by a significant portion of the natural gas industry.

- e. The Mcf and Btu values determined by SDG&E shall be utilized for the calculation of deliveries of gas to SDG&E, subject to any subsequent adjustments as provided above. Calculation of metered gas volumes shall be performed in accordance with the most recent version of the applicable AGA standards. The determination of gas components shall be completed utilizing a gas chromatograph approved by the CPUC and SDG&E, that will be linked to the flow measuring device (completing real-time volume and energy calculations).
  - f. Notwithstanding the above, when the Location becomes an open access scheduling point of receipt, TGN reserves the right in its sole discretion, to install the required meters, piping, equipment, valves and other facilities necessary to allow the TGN meter to become the custody transfer point for all deliveries. The terms and conditions for such service shall be set forth in a separate agreement between the Parties.
7. a. The Parties intend that the quantity of gas actually delivered each day at each Location will equal the Scheduled Quantities for the Receipt Point. Any imbalance created, because the actual physical flow through the Location is different than the Scheduled Quantities at the Receipt Point, will be an "Operational Imbalance," for that gas day and will be the



responsibility of the Parties to eliminate pursuant to this MA/OBA. Any imbalance shall be eliminated the following gas day (hereinafter "Payback Day") using the same Location/Receipt Point, by mutually agreeable arrangements between TGN and SDG&E. If, at the Location, the cumulative imbalance exceeds an amount that is considered to be excessive by the Responding Party, additional service may be denied.

- b. If at the end of any Payback Day any imbalance remains, it will be subject to a cash-out or an extended payback period, at the discretion of the Party to whom the gas is owed. The cash-out rate will be 150% of the daily rate reported for the day the imbalance was created by Gas Daily in its table entitled "Daily Price Survey" for delivery into the SoCalGas system at the California/Arizona border. If, for any reason, Gas Daily ceases to be available for a particular Payback Day, the cash-out rate will be 150% of the daily rate reported for the day the imbalance was created for the California/Arizona border as reported in any generally accepted available publication chosen by the Party or Parties to whom the imbalance payment is owed.
8. This MA/OBA and the terms and conditions herein are subject to all present and future valid laws, orders, rules, and regulations of duly constituted Mexican and United States of America authorities having jurisdiction, including but not limited to the CRE, the CPUC, and the FERC.
9. This MA/OBA is for accounting and system management purposes only, and is entered into by the Parties with the understanding that the balancing activities provided for hereunder will not subject any non-jurisdictional entity to regulation by the Federal Energy Regulatory Commission as a "natural gas company" under the provisions of the Natural Gas Act. If, at any time, it should be determined that such balancing activities do result in such regulation, then this MA/OBA shall immediately terminate, and the cash-out provisions above in Section 7b shall apply.
10. Any entity, which shall succeed by purchase, merger or consolidation to the properties, substantially as an entity, of either Party, shall be subject to the obligations of its predecessor to this MA/OBA. No other assignment of this Agreement or of any of the rights or obligations hereunder shall be made.
11. Any notice, request, or statement provided pursuant to this MA/OBA shall be in writing and shall be considered as having been given, if delivered personally, when delivered, or, if either electronically communicated, mailed, postage prepaid, sent by express mail, or overnight delivery, or if faxed to the other Party, then, when received, at the following:

AGREEMENT NOTICES AND OTHER CORRESPONDENCE

Agreement Notices and Other Correspondence

TGN	SDG&E
101 Ash Street	555 W. Fifth Street
San Diego, California 92101	Los Angeles, CA 92101
Tel: 619-696-4253	Tel: 213-244-4309
Fax: 619-696-1816	Fax: 213-244-4395
Attn: Director General	Attn: Sr. Pipeline Products Manager

Dispatching and Nominations

On behalf of TGN:	On behalf of SDG&E:
North Baja Pipeline, L.L.C.	Southern California Gas Company
1400 SW Fifth Avenue, Suite 900	555 W. Fifth Street M.L. 22E1
Portland, Oregon 97201	Los Angeles, CA 90013-1011
Dispatch Tel: 503-833-4200	Dispatch Tel: 323-266-5888
Fax: 503-833-4922	Fax: 323-266-5812
Nominations: 503-833-4300	Nominations: 213-244-3900
Attn: Manager, Gas Control	Attn: Manager, Gas Scheduling

Allocation Statements

TGN	SDG&E
101 Ash Street	555 W Fifth Street M.L. 22E1
San Diego, California 92101	Los Angeles, CA 90013-1011
Tel: 619-696-4253	Tel: 213-244-3900
Fax: 619-696-1816	Fax: 213-244-8281
Attn: Director General	Attn: Manager, Gas Scheduling

Changes to the above addresses shall be effectuated by a Party notifying the other Party in writing of the modification.

12. A waiver by either Party of any one or more defaults by the other Party hereunder shall not operate as a waiver of any future default or defaults, whether of like or different character. Furthermore, no consent or waiver, expressed or implied, by any Party of any breach or default by the other Party in the performance of its obligations hereunder shall be deemed or construed to be a consent to or waiver of any other breach or default in the performance of any other obligation of the other Party. Failure on the part of any Party to complain of any act or failure to act by the other Party or to declare the other Party in default, regardless of how long such failure continues, shall not constitute a waiver by such Party of any of its rights hereunder.
13. This MA/OBA shall be effective as of the first date written above, the Effective Date, and shall remain in effect until terminated by providing at least 30 days advance written notice. However, in any event, no service shall be rendered until each Party in its sole judgment, has received any and all necessary approvals from any governmental Regulatory Agencies having jurisdiction over the services to be provided herein.
14. Each Party shall have the continuing right at any time in its sole discretion to not accept delivery of any gas that would cause it to not meet its then current tariff rules or regulations relating to gas quality specifications, or other rules, regulations and/or requirements of any federal, state, or local or other agency having subject matter jurisdiction. A Party shall provide notice to the other as soon as commercially practicable after any decision is made to not accept deliveries.
15. The Requesting Party shall take any necessary steps adjusting its gas system pressures to allow the Responding Party's gas to enter its system. Both parties shall deliver gas to the other Party at a delivery pressure not more than the MAOP of the other Party's facilities.
16. In the event that gas delivered by either Party at the Location is odorized, the odorant shall be a commercially available odorant blend agreed to by the Parties and the odorant concentration shall conform to DOT 192.625. Each Party shall provide the other Party a minimum of thirty (30) days written notice (to the extent possible) prior to making any planned changes in the quality or quantity of odorant in the gas stream.
17. Notwithstanding the other provisions of this MA/OBA if at any time during the term hereof, any governmental authority having jurisdiction shall take any action whereby any Party's delivery, receipt, and/or use of gas hereunder shall be proscribed or subjected to terms, conditions, regulations, restraints, or limits that in the reasonable judgment of the Party prevents that Party from acting in a

commercially reasonable manner to fulfill the terms of this MA/OBA, such Party shall have the unilateral right to terminate this MA/OBA at any time upon fifteen (15) days written notice to the other Party, without further performance due or liability hereunder, except as to redelivery or any outstanding gas imbalances or cashout of such imbalances as is provided for herein. Nothing herein shall prevent the Parties through mutual agreement from modifying this MA/OBA in lieu of termination.


18. Nothing herein shall be construed as a dedication by any Party of its respective facilities to the other Party or to or for the benefit of any third party. Both Parties may each construct facilities on their respective gas systems as they may deem necessary or appropriate in their sole discretion. Nothing herein obligates either Party to construct any additional facilities (including measuring facilities) or to modify any existing facilities to provide for the receipt or delivery of gas contemplated hereunder.
19. Each Party agrees that its sole remedy for nonperformance by the other Party or other default by the other Party in the performance of its obligations under this MA/OBA shall be as specified in this MA/OBA. Both Parties agree to use commercially best efforts and actions to correct such nonperformance on their respective gas systems in a timely manner.
20. Each Party shall indemnify and hold harmless the other Party, including its officers, Board of Directors, agents, contractors, and employees against losses, costs and expenses (including in-house and outside attorneys' fees), claims, enforcement actions, judgments or other obligations or liabilities, resulting from physical injury to property or person, or a violation of a local, state or federal common law; statute or representation, arising from the indemnifying Party's performance or nonperformance of its obligations under this MA/OBA; provided, however, that neither Party shall be obligated to indemnify the other Party against any losses, however caused, which arise in whole or in part from the sole negligence, or willful or criminal misconduct of the other Party.
21. Risk of loss of all gas shall pass at the Location. SDG&E shall not be responsible to TGN or TGN's Service Requester(s) for any gas losses or delays (due to operating conditions or constraints, force majeure or otherwise) or damages occurring on TGN's side of the Location and TGN shall not be responsible to SDG&E or SDG&E's Service Requester(s) for gas losses or delays (due to operating conditions or constraints, force majeure or otherwise) or damages occurring on SDG&E's side of the Location.
22. Each Party shall have the right to request, and upon such request, the other Party shall provide, information that is sufficient to meet its obligations and to enforce

its rights under this MA/OBA including the verification of the accuracy of any computation contemplated under this MA/OBA. If the information is considered confidential then the disclosing Party shall identify it as such and the receiving Party shall treat it as such. Notwithstanding the above, no Party shall be required to provide the other Party with information that is confidential, proprietary, or in violation of the rules and regulations of any of the CRE, FERC or CPUC.

23. This MA/OBA constitutes the entire agreement between the Parties pertaining to the subject matter hereof, supersedes all prior discussions, agreements and understandings, whether oral or written, which the Parties may have in connection herewith and may not be amended or modified except by written agreement of the Parties, and shall not be modified by course of performance, course of conduct or usage of trade.
24. This MA/OBA was jointly negotiated, and any ambiguities or uncertainties in the wording of this MA/OBA shall not be construed for or against any Party, but shall be construed in a manner which most accurately reflects the intent of the Parties when this MA/OBA was executed.
25. This MA/OBA may be amended only by an instrument in writing executed by the Parties hereto.
26. Each Party shall do all necessary acts and make, execute, and deliver such written instrument as shall from time to time be reasonably necessary to carry out the terms of this MA/OBA.
27. Any provision of this MA/OBA that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of that prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of that provision in any other jurisdiction.
28. This MA/OBA is intended solely for the benefit of the Parties and their permitted successors and assigns and, except as may be specifically set forth herein, is not intended to and shall not confer rights or benefits upon any other party.
29. Payments shall be made in immediately available U. S. funds. Any payments or statements due to either TGN or SDG&E on a day when either the Federal Reserve banks in New York City are not open for business, or California banks are not open for business or it is a declared Mexican bank holiday, such payments shall be due upon the next succeeding day when such banks are open.

IN WITNESS WHEREOF, the Parties hereto have executed duplicate originals of this MA/OBA on the date set forth hereinabove.

Transportadora de Gas Natural de Baja California, S. de R.L. de C.V.

By: 

Printed Name: Ryan O'Neil

Title: Attorney-in-Fact

Date: 1/15/04

San Diego Gas & Electric Company

By: 

Printed Name: Lee M. Stewart

Title: Senior Vice President, Gas Transmission

Date: \_\_\_\_\_

EXHIBIT 1

To the Operational Balancing Agreement  
 between  
 TGN  
 and  
 San Diego Gas & Electric Company  
 Dated: December 23, 2003

LOCATION

<u>D-U-N-S<sup>®</sup> NUMBER</u>	<u>RECEIPT/DELIVERY DESIGNATION</u>	<u>PROPRIETARY GAS TRANSACTION POINT CODE</u>	<u>DRN NO.</u>	<u>DESCRIPTION</u>
	Delivery			Interconnection between the facilities of TGN and Southern California Gas Company located at San Diego County: Section: 32; Township: 18S; Range: 1E.

**EXHIBIT B**



UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;  
Nora Mead Brownell, Joseph T. Kelliher,  
and Suedeem G. Kelly.

San Diego Gas & Electric Company

Docket No. CP93-117-003

ORDER AMENDING PRESIDENTIAL PERMIT  
AND AUTHORIZATION UNDER SECTION 3 OF THE NATURAL GAS ACT

(Issued October 8, 2004)

1. On March 5, 2004, San Diego Gas & Electric Company (SDG&E), a Hinshaw pipeline, filed an application for an order amending its Presidential Permit and authorization under section 3 of the Natural Gas Act (NGA) for the siting, construction, and operation of pipeline and metering facilities in San Diego County, California, to export natural gas at the International Boundary between the United States and Mexico. SDG&E seeks amended authorizations to also permit use of its border crossing facilities to import natural gas from Mexico pursuant to a mutual assistance agreement with Transportadora de Gas Natural de Baja California (TGN), an affiliated Mexican utility. On March 12, 2004, SDG&E filed a supplement to the application providing additional environmental information.

2. This order grants SDG&E the requested amended authorizations based on the Commission's finding that the proposal is in the public interest since it will allow gas to be exchanged between SDG&E and its Mexican affiliate, TGN, for operational balancing purposes.

**I. Background**

3. SDG&E provides local distribution service in San Diego County, California. SDG&E operates as a Hinshaw pipeline exempt from the Commission's jurisdiction under section 1 (c) of the NGA and is regulated by the California Public Utilities Commission (California PUC).

4. On August 6, 1993, the Commission issued an order granting SGD&E a Presidential Permit and NGA section 3 authorizations to site, construct and operate border crossing facilities to export natural gas to Mexico.<sup>1</sup> Due to changing market conditions and significant development on both sides of the border at the original export point, the Commission granted SGD&E amended authorizations in 1998 to relocate its border crossing facilities to their current location in San Diego, California.<sup>2</sup>

5. SDG&E's existing border crossing facilities include a meter station within a 100-foot by 120-foot fenced area and approximately 400 feet of 30-inch pipeline from the meter station to the International Boundary. The pipeline operates at 800 psig with a maximum daily capacity of 350 MMcfd. Although the facilities are operational and authorized for use in exporting natural gas to Mexico, the facilities are not currently being used.

6. SDG&E requests amended authorizations because it has entered into a Mutual Assistance and Operational Balancing Agreement with its Mexican affiliate, TGN. Under the agreement, if one party is experiencing a temporary operational constraint, the other party would supply gas from its gas system to support the reliability of the party experiencing the operational constraint.

7. In order for SDG&E to use the existing border crossing facilities to receive gas supplies from Mexico, SDG&E seeks authorization (1) to modify two meter runs to allow bidirectional flow by adding flanges and flow conditioners and removing check valves; (2) to install a gas chromatograph to permit testing the quality of the imported gas; (3) to add an odorant injection system, with underground connection to the existing pipeline; (4) to add a filter/separator to remove liquids and debris from the imported gas and an underground pipe connecting the filter/separator to the existing pipeline; and (5) to construct a concrete containment enclosure around the bottom and sides of the odorant injection system.

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<sup>1</sup> *San Diego Gas & Electric Company*, 64 FERC ¶ 61,221 (1993).

<sup>2</sup> *San Diego Gas & Electric Company*, 85 FERC ¶ 61,081 (1998).

## **II. Public Notice and Intervention**

8. Notice of SGD&E's application in Docket No. CP93-117-003 was published on March 22, 2004 (69 Fed. Reg. 13,293) with interventions due on or before April 1, 2004. The California PUC filed a timely notice of intervention.<sup>3</sup> BP Energy Company filed a late motion to intervene. Granting the late motion to intervene at this stage of the proceeding will not cause undue delay or prejudice to any other party. Therefore, for good cause shown, we will grant the motion.<sup>4</sup>

## **III. Consultation with Secretaries of State and Defense**

9. On April 20, 2004, as required by Executive Order 10485, the Commission sent letters to the Secretaries of State and Defense seeking their recommendations on a proposed amendment to SDG&E's Presidential Permit. By letters dated July 27, 2004, and September 15, 2004, the Secretaries of Defense and State, respectively, indicated that they have no objections to SDG&E's requested amendments to its Presidential Permit and authorization under section 3 of the NGA.

## **IV. Discussion**

10. SDG&E's states that the requested amendments to its Presidential Permit and authorization under section 3 of the NGA are needed to accommodate the importation of natural gas through its border facilities in accordance with the terms of its Mutual Assistance and Operational Balancing Agreement with its Mexican affiliate, TGN. Under the agreement, either party will be entitled, in the event of a specified temporary operational constraint, to call on the other party for delivery of gas supplies at the International Border. The agreement will be used to support the reliability of each utility's system on an interruptible basis without negatively affecting either party's operations.

11. Since the proposed modifications to SDG&E's facilities will enable the facilities to be used to import as well as export gas from a foreign country, the proposal requires approval of the Commission under section 3 of the NGA. The Commission's authority

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<sup>3</sup> By filing a timely notice of intervention, the California PUC is a party by operation of Rule 214(a)(2) of the Commission's Rules of Practice and Procedure. 18 C.F.R. § 385.214(a)(2) (2004).

<sup>4</sup> The Commission has discretion to allow untimely motions to intervene pursuant to 18 C.F.R. § 385.214(b)(3) (2004).

over construction and operation of facilities under section 3 includes the authority to apply terms and conditions as necessary or appropriate to ensure that the proposed construction and siting is in the public interest. Section 3 provides that the Commission shall issue such order on application “unless it finds that the proposal will not be consistent with the public interest.”

12. The record in this case shows that approval of SDG&E’s proposal is consistent with the public interest because it will increase supply reliability for both SDG&E and TGN during periods of emergency. SDG&E states that all gas imported through its border crossing facilities will be consumed in California. Therefore, its requested amendments to its Presidential Permit and authorization under section 3 of the NGA will not affect its Hinshaw exemption under section 1(c) of the NGA for its facilities downstream of the 400-foot bidirectional pipeline and metering station authorized by this Commission for the importation and exportation of gas supplies. Thus, SDG&E’s proposal will not affect the California PUC’s jurisdiction over SDG&E’s facilities downstream of the facilities authorized by this Commission. Further, as stated above, the Secretaries of State and Defense have indicated that they have no objections to SDG&E’s proposal.

13. SDG&E states that it will, in accordance with section 153.6 of the Commission's regulations, file a statement that it will obtain any required import and export authorizations from the Office of Fossil Energy of the Department of Energy.

14. Consistent with current Commission policy,<sup>5</sup> SDG&E’s amended Presidential Permit provides, in Article 9 thereof, that any determinations regarding whether authorized facilities shall be abandoned in place or by removal shall be deferred until such time that the facilities are no longer in use.

15. The Commission staff prepared an Environmental Assessment (EA) for the original installation of the meter station on August 24, 1998, in Docket No. CP93-117-002.<sup>6</sup> This EA found that no significant environmental resources would be affected in the project area. The land use in the vicinity of the pipeline is uninhabited on the United States side and mixed industrial/residential on the Mexico side. The land use has not changed since the existing border facilities were installed. The entire area in which the modifications will occur was previously disturbed by construction of the existing

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<sup>5</sup> See, e.g., *Calpine Corporation* 106 FERC ¶ 61,075 at P 13 (2004); *Reef International*, 99 FERC ¶ 61,221 at P 21 (2002).

<sup>6</sup> 85 FERC at p. 61,286.

facilities. SGD&E does not plan to construct any significant non-jurisdictional facilities in association with this project, and all the modifications will occur within the fenced area surrounding the meter station with the exception of 40 feet of 30-inch diameter pipeline. Work outside the fenced area will disturb approximately a 60-foot by 100-foot area within an existing right-of-way.

16. Based on the environmental analysis, the Commission finds that approval of SDG&E's proposal does not constitute a major federal action significantly affecting the quality of the human environment when the facilities are installed as described in the application and supplements in this proceeding.

The Commission orders:

(A) SDG&E's existing Presidential Permit and NGA section 3 authorization are amended as discussed in the application and in body of this order.

(B) SDG&E must sign and return the Testimony of Acceptance of all the provisions of the amended Presidential Permit to the Secretary of the Commission prior to construction.

(C) BP Energy Company's late motion to intervene is granted.

By the Commission

( S E A L )

Linda Mitry,  
Acting Secretary.

APPENDIX A

PERMIT AUTHORIZING SAN DIEGO GAS & ELECTRIC COMPANY TO  
CONSTRUCT, OPERATE AND MAINTAIN MODIFIED NATURAL GAS  
FACILITIES AT THE INTERNATIONAL BOUNDARY BETWEEN THE UNITED  
STATES AND MEXICO

FEDERAL ENERGY REGULATORY COMMISSION  
DOCKET NO. CP93-117-003

(Issued October 8, 2004)

San Diego Gas & Electric Company (SDG&E) a corporation organized and existing under the laws of the State of California filed in Docket No. CP93-117-003 on March 5, 2004, an application pursuant to Executive Order Nos. 10485 and 12038 and the Secretary of Energy's Delegation Order No. 00-004.00, for authorization to modify the facilities authorized under its Presidential Permit issued on August 6, 1993 in Docket No. CP93-117-000, 64 FERC ¶ 61,221 (1993), and amended on October 19, 1998 in Docket No. CP93-117-002, 85 FERC ¶ 61,081 (1998). Applicant states that the modifications are minor and are needed to enable SDG&E to modify the natural gas transmission facilities described in Article 2 below at the international border between the United States and Mexico to enable the facilities to import as well as export natural gas in order to comply with the Mutual Assistance and Operational Balancing Agreement between SDG&E and Transportation de Gas Natural de Baja California, a Mexican utility that is an affiliate of SDG&E.

By letter dated September 15, 2004, the Secretary of State, and by letter dated July 27, 2004, the Secretary of Defense favorably recommend that the Permit be granted. The Federal Energy Regulatory Commission finds that the issuance of a Permit is appropriate and consistent with the public interest.

Pursuant to the provisions of Executive Order Nos. 10485 and 12038, dated September 3, 1953 and February 3, 1978, respectively, the Secretary of Energy's Delegation Order No. 00-004.00, effective December 6, 2001, and the Commission's General Rules and Regulations, permission is granted to the Permittee to construct, operate, maintain and connect the natural gas transmission facilities described in Article 2 below, upon the terms and conditions of the Permit.

Article 1. It is expressly agreed by the Permittee that the facilities herein described shall be subject to all provisions and requirements of this Permit. This Permit may be modified or revoked by the President of the United States or the Federal Energy Regulatory Commission and may be amended by the Federal Energy Regulatory Commission upon proper application.

Article 2. The following facilities are subject to this Permit:

A meter station and 400 feet of bi-directional 30-inch pipeline, with a maximum capacity of 350 MMcf of gas per day, connecting to facilities constructed by the Permittee under the California Public Utilities Code and extending to the International Boundary at Otay Mesa, San Diego County, California.

Article 3. The natural gas facilities authorized herein, or which may subsequently be included herein by modification or amendment, may be utilized for the importation or exportation of natural gas and in the manner authorized under section 3 of the Natural Gas Act.

Article 4. The construction, operation, maintenance, and connection of the aforesaid facilities shall be subject to the inspection and approval of representatives of the United States for such purposes. The Permittee shall allow officers and employees of the United States, showing proper credentials, of their official duties.

Article 5. If in the future it should appear to the Secretary of the Army that any facilities or operations permitted hereunder cause unreasonable obstruction to the free navigation of any of the navigable waters of the United States, the Permittee may be required, upon notice from the Secretary of the Army, to remove or alter the same so as to render navigation through such waters free and unobstructed.

Article 6. The Permittee shall be liable for all damages occasioned to the property of others by the operation or maintenance of the aforesaid facilities and connections, and in no event shall the United States be liable therefor. The Permittee shall do everything reasonable within their power to prevent or suppress fires on or near land occupied under this Permit.

Article 7. The Permittee agrees to file with the Commission, under oath and in such detail as the Commission may require, such statements or reports with respect to the natural gas imported or the facilities described herein, as the Commission may, from time to time, request. Such information may be made available to any federal, state, or local agency requesting such information.

Article 8. Neither this Permit nor the facilities and connections, nor any part thereof, covered by this Permit shall be voluntarily transferred in any manner, but the Permit shall continue in effect temporarily for a reasonable time in the event of the involuntary transfer of the facilities and connections used hereunder by operation of law (including transfer to receivers, trustees, or purchasers under foreclosure or judicial sale) pending the making of an application for a permanent Permit and decision thereon, provided notice is promptly given in writing to the Commission accompanied by a statement that the facilities and connections authorized by this Permit remain substantially the same as before the involuntary transfer. The Permittee shall maintain the facilities and connection, and every part thereof, in a condition of repair for the efficient operation of said facilities and connections in the transportation of natural gas and shall make all necessary renewals and replacement.

Article 9. At such time that this Permit is surrendered, revoked, or otherwise terminated, the Commission shall determine which of the authorized facilities shall be removed and which shall remain in place. The Commission will specify the time within which any authorized facilities shall be removed, and the Permittee shall remove those facilities within such time and at the Permittee's expense. Upon failure of the Permittee to comply with the Commission's direction to remove any authorized facilities, the Commission may direct that possession of the same be taken and the facilities be removed at the Permittee's expense, and the Permittee shall have no claim for damages by reason of such possession or removal.

Article 10. The Permittee agrees that when, in the opinion of the President of the United States, evidenced by a written order addressed to it as holder of this Permit, the safety of the United States demands it, the United States shall have the right to enter upon and take possession of any of the facilities, or parts thereof, maintained or operated under this Permit, and all contracts covering the transportation or sale of natural gas by means of said facilities, to retain possession, management, and control thereof for such length of time as may appear to the President to be necessary to accomplish said purposes, and then to restore possession and control to the Permittee; and in the event that the United States shall exercise such right it shall pay the Permittee just and fair compensation for the use of said facilities upon the basis of a reasonable profit in time of peace, and the cost of restoring said facilities to as good condition as existed at the time of taking over thereof, less the reasonable value of any improvements that may be made thereto by the United States and which are valuable and serviceable to the Permittee.

Article 11. This Permit is subject to any action which the Government of the United States may in the future deem expedient or necessary to take in case any part of the aforesaid facilities comes into the control of any foreign government.



Article 12. The Government of the United States shall be entitled to the same or similar privileges as may by law, regulation, agreement, or otherwise, be granted by the Permittee to any foreign government.

By direction of the Commission.

Linda Mitry,  
Acting Secretary.

Linda Mitry,  
Acting Secretary.

IN TESTIMONY OF ACCEPTANCE of all the provisions, conditions and requirements of this Permit, the Permittee this day of \_\_\_\_\_, 2004 has caused its name to be signed by \_\_\_\_\_, pursuant to a resolution of its Board of Directors duly adopted on the \_\_\_\_\_ day of \_\_\_\_\_, 2004, a certified copy of the record of which is attached hereto.

San Diego Gas & Electric Company

By \_\_\_\_\_

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

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U.S. DEPARTMENT OF ENERGY

\_\_\_\_\_)  
SAN DIEGO GAS & ELECTRIC )  
COMPANY )  
\_\_\_\_\_)

DOCKET NO. 04-119-NG

ORDER GRANTING BLANKET AUTHORIZATION TO  
IMPORT AND EXPORT NATURAL GAS  
FROM AND TO MEXICO

DOE/FE ORDER NO. 2052

DECEMBER 6, 2004

I. DESCRIPTION OF REQUEST

On November 29, 2004, San Diego Gas & Electric Company (SDG&E) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),<sup>1/</sup> for blanket authorization to import and export up to a combined total of five billion cubic feet (Bcf) of natural gas from and to Mexico. The applicant requests the authorization be granted for a two-year term beginning on November 22, 2004. SDG&E is a California corporation with its principal place of business in San Diego, California.

II. FINDING

The application has been evaluated to determine if the proposed 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 is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by SDG&E to import and export natural gas from and to Mexico, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest. This Order authorizes transactions with terms of no longer than two years.

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<sup>1/</sup> 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary for Fossil Energy pursuant to Redlegation Order No. 00-002.04 (January 8, 2002).

ORDER

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

A. San Diego Gas & Electric Company (SDG&E) is authorized to import and export up to five billion cubic feet (Bcf) of natural gas from and to Mexico. The term of the authority began on November 22, 2004, and extends through November 21, 2006.

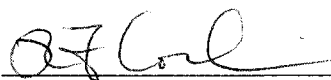
B. This natural gas may be imported and exported at any point on the border of the United States and Mexico.

C. With respect to the natural gas imports and exports authorized by this Order, SDG&E shall file with the Office of Natural Gas Regulatory Activities, within 30 days following each calendar quarter, reports indicating whether imports and/or exports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports and/or exports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports and/or exports have occurred, the report must give the details of each transaction, including: (1) the total monthly volumes in thousand cubic feet (Mcf); (2) the average purchase price of gas per million British thermal units (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; (8) the geographic market(s) served; and, if applicable, (10) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price. [OMB No.: 1901-0294]

D. The first quarterly report required by this Order is due not later than January 30, 2005, and should cover the period from November 22, 2004, until the end of the fourth calendar quarter, December 31, 2004.

E. The quarterly reports shall be filed with the U.S. Department of Energy, Office of Natural Gas Regulatory Activities, FE-34, P.O. Box 44375, Washington, D.C. 20026-4375.

Issued in Washington, D.C., on December 6, 2004.



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R. F. Corbin  
Manager, Natural Gas Regulatory Activities  
Office of Global Security and Supply  
Office of Fossil Energy