

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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CONTINENTAL ENERGY MARKETING LTD. ) FE DOCKET NO. 91-75-NG  
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ORDER GRANTING BLANKET AUTHORIZATION  
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE OPINION AND ORDER NO. 572

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DECEMBER 31, 1991  
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## I. BACKGROUND

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On September 11, 1991, Continental Energy Marketing Ltd. (Continental) 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) and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting blanket authorization to import up to 75 Bcf of Canadian natural gas over a two-year period beginning on the date of first delivery. Continental intends to use existing pipeline facilities to import the gas, and to file quarterly reports with FE giving the details of each transaction.

Continental, a corporation with its principal place of business in Calgary, Alberta, Canada, requests authority to import natural gas from a variety of Canadian suppliers for sale to various U.S. purchasers, including local distribution companies, pipelines, marketers and end-users. Continental indicates that it would import natural gas on a short-term or spot market basis for its own account as well as for the accounts of Canadian suppliers and U.S. purchasers. The specific terms of each import, including price and volume, would be negotiated on an individual basis, and Continental states, would reflect the price and availability of competing fuels.

A notice of the application was issued on October 28, 1991, inviting protests, motions to intervene, notices of intervention,

and comments to be filed by December 6, 1991. 1/ No comments or motions to intervene were received.

## II. DECISION \_\_\_\_\_

The application filed by Continental has been evaluated to determine if the proposed import arrangement meets the public interest requirements of section 3 of the NGA. Under section 3, an import must be authorized unless there is a finding that it "will not be consistent with the public interest." 2/ With regard to imports, this determination is guided by DOE's natural gas import policy guidelines. 3/ Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

Continental's uncontested import proposal for natural gas, as set forth in the application, is consistent with section 3 of the NGA and DOE's import policy guidelines. The authorization sought, similar to other blanket arrangements approved by DOE, 4/ would provide Continental with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term purchase arrangements without further regulatory action. The fact that each

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1/ 56 FR 56641, November 6, 1991.

2/ 15 U.S.C. Sec. 717b.

3/ 49 FR 6684, February 22, 1984.

4/ See, e.g., Southwest Gas Corporation, 1 FE Para. 70,487

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(October 25, 1991); Washington Natural Gas Company, 1 FE Para.

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70,483 (October 8, 1991) and Cibola Corporation, 1 FE Para. 70,480

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(September 9, 1991).

spot purchase will be voluntarily negotiated and market-responsive, as asserted in Continental's application, provides assurance that the transactions will be competitive with other natural gas supplies available to Continental.

After taking into consideration all of the information in the record of this proceeding, I find that granting Continental blanket authorization to import up to 75 Bcf of Canadian natural gas over a two-year term, under contracts with terms of two years or less, beginning on the date of first delivery, is not inconsistent with the public interest and should be approved. 5/

ORDER

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For reasons set forth above, pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Continental Energy Marketing Ltd. (Continental) is authorized to import up to 75 Bcf of natural gas from Canada over a two-year term, beginning on the date of the first delivery.

B. This natural gas may be imported at any point on the international border that does not require the construction of new facilities.

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5. Because the proposed importation/exportation of gas will use existing facilities, DOE has determined that granting this application is not a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act (42 U.S.C. 4321, et seq.) and

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therefore an environmental impact statement or environmental assessment is not required. See 40 CFR Sec. 1508.4 and 54 FR 12474

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(March 27, 1989).

C. Within two weeks after deliveries begin, Continental shall provide written notification to the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first delivery of natural gas authorized in Ordering Paragraph A above occurs.

D. With respect to the natural gas imports authorized by this Order, Continental shall file within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas have been made, and if so, giving by month, the total volume of the imports in Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each import transaction, including the names of the seller(s), and the purchaser(s), including those other than Continental; estimated or actual duration of the agreements; transporter(s), point(s) of entry, and geographic market(s) served, and, if applicable, the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price; any special contract price adjustments clauses; and any take-or-pay or make-up provisions. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. Failure to file quarterly reports may result in termination of this authorization.

E. The first quarterly report required by Paragraph D of this Order is due not later than April 30, 1992, and should cover the

period from the date of this Order until the end of the current calendar quarter March 31, 1992.

Issued in Washington, D.C., on December 31, 1991.

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Clifford P. Tomaszewski  
Acting Deputy Assistant Secretary  
for Fuels Programs  
Office of Fossil Energy