

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

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POCO PETROLEUM, INC. ) FE DOCKET NO. 91-80-NG  
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ORDER GRANTING BLANKET AUTHORIZATION  
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE OPINION AND ORDER NO. 574

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JANUARY 17, 1992

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## I. BACKGROUND

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On October 1, 1991, POCO Petroleum, Inc. (POCO), 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 authority to import from Canada up to 200 Bcf of natural gas over a two-year period beginning on January 21, 1992, the day after POCO's existing two-year blanket import authorization, granted by DOE/FE Opinion and Order No. 372, (Order 372), 1 FE Para. 70,290, expires. POCO proposes to use existing pipeline facilities to import the natural gas and states it will submit quarterly reports to FE detailing each transaction.

POCO is a Delaware corporation and a wholly owned subsidiary of POCO Petroleum Ltd., an Alberta corporation with its headquarters in Calgary, Alberta, Canada. POCO seeks blanket authorization to import up to 200 Bcf of natural gas, an increase of 50 Bcf above the volumes authorized by Order 372. POCO originally was granted blanket import authorization to import up to 150 Bcf of natural gas over a two-year period by DOE/ERA Opinion and Order No. 103 (Order 103), 1 ERA Para. 70,621. Order 103 was followed by identical two-year authorizations granted by DOE/ERA Opinion and Order No. 220, 1 ERA Para. 70,752, and then currently by Order 272.

POCO requests that it be authorized to import the gas for its own account or as agent for U.S. purchasers and/or Canadian

suppliers as in its initial blanket import authorization. POCO would import the gas to continue its participation in short-term or spot sales to U.S. customers. POCO asserts that the proposed import arrangement, consisting of short-term or spot market transactions, will necessarily be competitive and that POCO cannot import gas for sale unless the gas is competitively priced and marketable.

A notice of the application was issued on November 27, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by January 6, 1992. 1/ No comments or motions to intervene were received.

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

The application filed by POCO 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 import authorizations, the 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.

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1/ 56 FR 63939, December 6, 1991.

2/ 15 U.S.C. Sec. 717b. —

3/ 49 FR 6684, February 22, 1984. —

Poco's 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

Poco with blanket import approval, within prescribed limits, to negotiate and transact individual, spot and short-term purchase arrangements without further regulatory action. The fact that each spot purchase will be competitively priced and market-responsive, as asserted in Poco's application, provides assurance that the transactions will be competitive with other natural gas supplies available to Poco.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing Poco to import up to 200 Bcf of Canadian natural gas over a two-year term beginning on the date of first delivery date after January 20, 1992, the date Poco's existing blanket import authorization expires, under contracts with terms of two years or less, is not inconsistent with the public interest. 5/

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4/ See, e.g., Portland General Electric Co., 1 FE Para. 70,455 (June 3, 1991); Cascade Natural Gas Corporation, 1 FE Para. 70,457 (June 18, 1991); and Northern Natural Gas Company, 1 FE Para. 70,460 (June 24, 1991); and North America Resources Company, 1 FE Para. 70,461 (June 24, 1991).

5/ Because the proposed import/export 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 therefore

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an environmental impact statement or environmental assessment is not required. See 40 CFR Sec. 1508.4 and 54 FR 12474 (March 27,  
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1989).

## ORDER

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

A. POCO Petroleum, Inc. (Poco) is authorized to import up to 200 Bcf of Canadian natural gas over a two-year term beginning on the date of first delivery after January 20, 1992.

B. This natural gas may be imported at any point on the international border where existing pipeline facilities are located.

C. Within two weeks after deliveries begin, POCO shall provide written notification to the Office of Fuels Programs (OFP), Fossil Energy, 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, POCO shall file with the Office of Fuels Programs, 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 imports in Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each transaction, the names of the seller(s), and the purchaser(s), estimated or actual duration of the agreements, transporter(s), point(s) of entry or exit, and geographic market(s) served, and, if applicable, the per unit (MMBtu) demand/commodity/charge



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

Issued in Washington, D.C., on January 17, 1992.

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

