

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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PANCANADIAN PETROLEUM CO. ) FE DOCKET NO. 91-119-NG  
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ORDER GRANTING BLANKET AUTHORIZATION  
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE OPINION AND ORDER NO. 611

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APRIL 28, 1992  
  
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I. BACKGROUND

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On December 27, 1991, PanCanadian Petroleum Company (PanCanadian) 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 146,000 MMBtu/d of Canadian natural gas to United States' markets over a term of two years, beginning on date of first delivery. PanCanadian proposes to use existing facilities to import the gas and to file quarterly reports with FE giving the details of each transaction.

PanCanadian, a corporation organized under the laws of the State of Delaware, is owned by PanCanadian Petroleum Limited, a major producer of hydrocarbons in Western Canada, which in turn is owned by Canadian Pacific Enterprises Limited of Calgary, Alberta, Canada. PanCanadian, a natural resources company with oil and gas interests in the United States, proposes to import gas for its own account or as agent for Canadian suppliers and/or U.S. purchasers. The specific terms of each transaction, including the price, would be negotiated in response to competitive market conditions.

A notice of the application was issued on February 7, 1992, inviting protests, motions to intervene, notices of intervention, and comments to be filed by March 16, 1992.<sup>1</sup> No comments or  
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motions to intervene were received.

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1/ 57 FR 5265, February 13, 1992.

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## II. DECISION

The application filed by PanCanadian 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."<sup>2</sup> This determination is guided by DOE's natural gas import policy guidelines.<sup>3</sup> Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

PanCanadian'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 import authorization sought, similar to other blanket arrangements approved by DOE,<sup>4</sup> would provide PanCanadian 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 voluntarily negotiated and market-responsive, as asserted in PanCanadian's application, provides assurance that the transactions will be

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

3/ 49 FR 6684, February 22, 1984.

4/ See, e.g., POCO Petroleum, Inc., 1 FE Para. 70,528 (January

17, 1992); Suncor, Inc., 1 FE Para. 70,521 (December 30, 1991);

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and Sierra Pacific Power Company, 1 FE Para. 70,518 (December 27,

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1991).

competitive with other natural gas supplies available to PanCanadian. Under PanCanadian's proposed import arrangement, transactions will only occur when producers and sellers can provide spot or short-term volumes, customers need such import volumes, and prices remain competitive. Therefore, PanCanadian's import proposal will further the Secretary of Energy's policy goal to reduce trade barriers by encouraging competition between U.S. and Canadian gas suppliers and purchasers.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing PanCanadian to import natural gas from Canada over a two-year term beginning on the date of first delivery is not inconsistent with the public interest. In order to provide PanCanadian with maximum operating flexibility, I have designated a total authorized volume for the two-year term of 106.58 Bcf of natural gas, rather than the 146,000 MMBtu/d that PanCanadian requested in its import application./5

ORDER

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

5/ Because the proposed importation 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

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

A. PanCanadian Petroleum Company (PanCanadian) is authorized to import up to 106.58 Bcf of Canadian natural gas over a two-year term, beginning on the date of first delivery.

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, PanCanadian shall provide written notification to the Office of Fuels Programs, 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, PanCanadian 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, including (1) the names of the seller(s) and the purchaser(s); (2) estimated or actual duration of the agreements; (3) transporter(s); (4) point(s) of entry, (5) geographic market(s) served and, if applicable, (6) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the price; (7) any special contract price adjustments clauses;



(8) 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 Ordering Paragraph D of this Order is due not later than July 30, 1992, and should cover the period from the date of this Order until the end of the current calendar quarter, June 30, 1992.

Issued in Washington, D.C., on April 28, 1992.

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Charles F. Vacek  
Deputy Assistant Secretary  
for Fuels Programs  
Office of Fossil Energy