

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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AMOCO CANADA MARKETING CORP. )  
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FE DOCKET NO. 92-33-NG

ORDER GRANTING BLANKET AUTHORIZATION  
TO IMPORT NATURAL GAS  
FROM CANADA

DOE/FE OPINION AND ORDER NO. 631

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JUNE 12, 1992

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## I. BACKGROUND

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On March 9, 1992, Amoco Canada Marketing Corp. (Amoco Canada) 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 from Canada up to 200 Bcf of natural gas over a two-year term, beginning on the date of first delivery. Amoco Canada, a Delaware corporation with its principal place of business in Chicago, Illinois, is an indirect subsidiary of Amoco Corporation. Amoco Canada proposes to sell gas imported under this order to a variety of commercial and industrial end users, utility customers, pipelines and distribution companies, acting either on its own behalf or as an agent for others. Amoco Canada will use existing facilities to import the proposed volumes, and will file quarterly reports detailing each import transaction.

In support of its import request, Amoco Canada states that the gas will be purchased from individual producers, producer groups, associations and pipeline companies under short-term contracts which will be negotiated in response to market conditions. Amoco Canada also states that the purchasers of the gas it imports are expected to include industrial and agricultural end users, electric utilities, pipelines and distribution companies. Amoco Canada avers that the majority of its short-term and spot sales of imported gas will be used to displace higher priced energy supplies. Therefore, Amoco Canada asserts that its import proposal is consistent with DOE's policy

guidelines for imported natural gas and is not inconsistent with the public interest.

A notice of the application was published in the Federal Register on April 15, 1992, inviting protests, motions to intervene, notices of intervention and comments to be filed by May 15, 1992.<sup>1/</sup> No comments were received.

## II. DECISION

The application filed by Amoco Canada 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 directed 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.

Amoco Canada's uncontested import proposal, as set forth in the application, is consistent with section 3 of the NGA and DOE's natural gas import policy guidelines. The import authorization sought by Amoco Canada, similar to other blanket

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<sup>1/</sup> 57 F.R. 13094.

2/ 15 U.S.C. 717b. —

3/ 49 F.R. 6684 (February 22, 1984). —

import arrangements approved by DOE<sup>4/</sup>, will provide Amoco Canada with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term import arrangements without further regulatory action. Under Amoco Canada'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, Amoco Canada'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 considering all of the information in the record of this proceeding, I find that authorizing Amoco Canada to import from Canada up to 200 Bcf of 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.<sup>5/</sup>

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

5/ Because the proposed import of gas will use existing facilities, DOE has determined that granting this authorization 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.); therefore,  
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an environmental impact statement or an environmental assessment  
is not required. See 40 C.F.R. 1508.4 and 54 F.R. 15122 (April  
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24, 1992).

## ORDER

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

A. Amoco Canada Marketing Corp. (Amoco Canada) is authorized to import from Canada up to 200 Bcf of 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 U.S./Canada border where existing pipeline facilities are located.

C. Within two weeks after deliveries begin, Amoco Canada 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 occurred.

D. With respect to the natural gas imports authorized by this Order, the applicant shall file within 30 days following each calendar quarter, quarterly reports indicating whether imports have been made. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports occurred, Amoco Canada must report monthly total volumes in Mcf and the average 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), including those other than Amoco Canada, (2) the names of the purchaser(s), (3) the estimated or actual duration of the agreements, (4) the

names of the transporter(s), (5) the point(s) of entry, (6) the geographic markets served, and, if applicable (7) 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. 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 no later than July 31, 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 June 12, 1992.

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