

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

_____)
PACWEST RESOURCES, INC.)
_____)

FE DOCKET NO. 92-87-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE OPINION AND ORDER NO. 695

OCTOBER 23, 1992

I. BACKGROUND

On July 7, 1992, PACWEST RESOURCES, INC. (PACWEST) 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 146 Bcf of natural gas over a two-year term beginning on the date of first delivery. PACWEST, a Washington corporation with its principal place of business in Kirkland, Washington, is an independent marketer of natural gas. PACWEST proposes to import gas, acting either on its own behalf or as an agent for others, for sale to a variety of purchasers in U.S. markets, including distribution companies, industrial and agricultural end-users, electric utilities, and pipelines. The terms of the import arrangements will be negotiated in response to market conditions. PACWEST will use existing facilities to import the proposed volumes, and will file quarterly reports detailing each import transaction.

A notice of the application was issued on July 22, 1992, inviting protests, motions to intervene, notices of intervention and comments to be filed by August 28, 1992.^{1/} No comments or motions to intervene were received.

1. 57 F.R. 33497, July 29, 1992.

II. DECISION

The application filed by PACWEST 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/} This determination is directed 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.

PACWEST'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. This import authorization sought by PACWEST, similar to other blanket arrangements approved by DOE,^{4/} will provide PACWEST with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term import arrangements without further regulatory action. Under PACWEST's proposed import arrangement, transactions will only occur when producers and sellers can provide spot or short-

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

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

4. E.g., ARCO Products Company, 1 FE 70,627 (August 6, 1992);
 Goetz Energy Corporation, 1 FE 70,626 (August 6, 1992); and

Panda Resources, Inc., 1 FE 70,624 (August 6, 1992).

term volumes, customers need such import volumes, and prices remain competitive. Therefore, PACWEST's import arrangement will continue to further the Secretary of Energy's policy goal to reduce trade barriers and encourage 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 PACWEST to import from Canada up to 146 Bcf of natural gas over a two-year term, under contracts with terms of two years or less, is not inconsistent with the public interest.^{5/} Consistent with past practice, DOE is authorizing a term rather than the requested daily volume in order to maximize the applicants operating flexibility.

ORDER

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

A. PACWEST RESOURCES, INC. (PACWEST) is authorized to import from Canada up to 146 Bcf of natural gas over a two-year term beginning on the date of first delivery.

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,

neither an environmental impact statement nor an environmental assessment is required. See 40 C.F.R. 1508.4 and 54 F.R. 15122

(April 24, 1992).

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, PACWEST 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. Regarding the natural gas imports authorized by this order, PACWEST 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 have occurred, PACWEST must report monthly total volumes in Mcf, and the average sales 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); (2) the names of the purchaser(s), including those other than PACWEST; (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 Ordering Paragraph D is due no later than January 30, 1992, and should cover the period from the date of this order until the end of the current calendar quarter, December 31, 1992.

Issued in Washington, D.C., on October 23, 1992.

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