

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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CRESTAR ENERGY MARKETING CORP.

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FE DOCKET NO. 93-83-NG

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ORDER GRANTING LONG-TERM AUTHORIZATION  
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 849

SEPTEMBER 29, 1993

I. DESCRIPTION OF REQUEST

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On August 9, 1993, Crestar Energy Marketing Corp. (Crestar) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),<sup>1/</sup> requesting authorization to import up to 15,000

Mcf per day of natural gas from Canada commencing on the date of authorization through October 31, 2001. Crestar will sell the gas in the United States to Northern States Power Company (NSP) pursuant to a gas purchase contract dated August 4, 1992, as amended February 10, 1993. Crestar states that it entered into a contract with NSP which would replace an existing contract whereby NSP purchases comparable volumes of Canadian gas from Dome Petroleum Corporation to serve retail customers in the Grand Forks and Fargo areas of North Dakota.<sup>2/</sup> The gas sold to NSP

will be obtained from supplies produced by Crestar's affiliate, Crestar Energy, in the Provinces of Alberta and British Columbia. The imported gas will be transported from the U.S./Canada border near Emerson, Manitoba, over the existing pipeline facilities of Viking Gas Transmission Company. No new pipeline construction is necessary.

Crestar, a Delaware corporation with its principal office in Calgary, Alberta, Canada, is a marketer of oil and natural gas in the United States. It is also a wholly-owned subsidiary of Crestar Energy Inc., a Canadian corporation. Crestar Energy Inc.

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1/ 15 U.S.C. Sec. 717b.

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2/ See Dome Petroleum Corporation, DOE/ERA Opinion and Order No.

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281, issued November 10, 1988 (1 ERA Para. 70,823).

is the managing partner of Crestar Energy, a Canadian general partnership that produces and markets gas in Canada. Crestar Energy has an agreement with Crestar to supply all gas needed to meet Crestar's contractual commitments to American buyers, including the customer of the proposed import.

Until October 31, 1993, NSP will pay Crestar a monthly price under the gas purchase contract, as amended, that consists of a demand charge of \$124,540.00 (U.S) for firm transportation from the wellhead to Emerson, Manitoba, on the systems of Nova Corporation, Alberta's provincial pipeline, and TransCanada PipeLines Limited. The demand charge represents both the demand charge billed by Nova for deliveries to the Alberta/Manitoba border and a supply reservation charge. In addition, NSP must pay a monthly commodity charge equal to the spot price of U.S. gas delivered into Northern Natural Gas Company's pipeline from Texas, Oklahoma, and Kansas, as published each month in Inside

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F.E.R.C's Gas Market Report, minus \$0.26 (U.S.) per MMBtu. After

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October 31, 1993, the demand and commodity charges would be renegotiated annually and, if agreement is not reached, either party may initiate arbitration.

The contract has a minimum seasonal take-or-pay provision. NSP must purchase at least 10,000 Mcf per day during the months November - April and at least 1,090,000 Mcf during the six-month period May - October. It would have two years to make up any gas paid for but not taken. In addition, NSP would have

up to two years to make up any deficiency volumes left at the end of the contract term.

II. FINDING \_\_\_\_\_

The application filed by Crestar has been evaluated to determine if the proposed import arrangement meets the public interest requirement of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), the importation of natural gas from a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Crestar to import natural gas from Canada, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest.

ORDER

\_\_\_\_\_ Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Crestar Energy Marketing Corp. (Crestar) is authorized to import from Canada up to 15,000 Mcf per day of natural gas obtained from Crestar Energy, for a period beginning on the date of this authorization through October 31, 2001. Crestar shall import this gas near Emerson, Manitoba, pursuant to the pricing and other provisions of its gas purchase agreement with Northern States Power Company dated August 4, 1992, as amended.

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

C. With respect to the natural gas imports authorized by this Order, Crestar shall file with the Office of Fuels Programs within 30 days following each calendar quarter, quarterly reports indicating whether imports have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, Crestar must report the monthly total volume in Mcf and the average purchase price per MMBtu at the international border. The monthly price information shall itemize separately the commodity and demand charges.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than October 30, 1993, and should cover the period from the date of this order until the

end of the current calendar quarter September 30, 1993.

Issued in Washington, D.C., on September 29, 1993.

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Anthony J. Como  
Director  
Office of Coal and Electricity  
Office of Fuels Programs  
Office of Fossil Energy