

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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PHILBRO OIL & GAS, INC.) FE DOCKET NO. 93-90-NG
_____)

ORDER GRANTING BLANKET AUTHORIZATION TO IMPORT
AND EXPORT NATURAL GAS FROM AND TO CANADA, AND TO
IMPORT LIQUEFIED NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 854

OCTOBER 1, 1993

I. DESCRIPTION OF REQUEST _____

On September 7, 1993, as amended September 13, 1993, Philbro Oil & Gas, Inc. (Philbro) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),^{1/} and DOE Delegation Order Nos.

0204-111 and 0204-127, requesting blanket authorization to import and export natural gas from and to Canada. In addition, Philbro requests authorization to import liquefied natural gas (LNG) from Canada. The authorization would allow Philbro to import a combined total of up to 200 Bcf of gas and LNG and to export up to 200 Bcf of gas over a two-year term beginning on the date of the first delivery of either imports or exports. Philbro, a wholly-owned subsidiary of Salomon, Inc., is a Delaware corporation with its principal place of business in Westport, Connecticut. Salomon, Inc., a Delaware corporation with its principal office in New York, New York, is engaged in the business of providing diversified financial services and trading securities, crude oil, oil products and other commodities internationally.

II. FINDING _____

The application filed by Philbro has been evaluated to determine if the proposed import and export arrangement meets the public interest requirement of section 3 of NGA, as amended by section 201 of the Energy policy Act of 1992 (Pub. L. 102-486). Under section 3(c), an import or export of natural gas from or to a nation with which there is in effect a free trade agreement

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

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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. This statutory public interest finding also applies to LNG imports (but not to exports), regardless of whether the United States has a free trade agreement with the foreign country from which the LNG is to be imported.

The authorization sought by Philbro to import Canadian LNG, and to import and export natural gas from and to 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. This blanket order authorizes transactions under contracts with terms of no longer than two years.

ORDER

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

A. Philbro Oil & Gas, Inc. (Philbro) is authorized to import natural gas from and export natural gas to Canada, and to import liquefied natural gas (LNG) from Canada. This authorization shall extend for a period of two years beginning on the date of the first delivery of either imports or exports. The maximum volume of gas and LNG that may be imported shall not exceed an aggregate of 200 Bcf and the maximum volume of gas that may be exported shall not exceed 200 Bcf. These authorized transactions may take place at any point on the border of the United States and Canada.

B. Within two weeks after deliveries begin, Philbro 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 or export authorized in Ordering Paragraph A above occurred.

C. With respect to the imports and exports authorized by this Order, Philbro shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports or exports have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, Philbro must report monthly total volumes in Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each import and export transaction, including: (1) the name of the seller(s); (2) the name of the purchaser(s); (3) the estimated or actual duration of the agreement(s); (4) the name of the U. S. transporter(s); (5) the point(s) of entry or exit; (6) the geographic market(s) served; (7) whether the sales are being made on an interruptible or firm basis; and, if applicable, (8) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than January 30, 1994,

and should cover the period from the date of this order until the end of the fourth calendar quarter, December 31, 1993.

Issued in Washington, D.C., on October 1, 1993.

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