

FE DOCKET NO.: 96-52-NG

APPLICANT(S): ENGAGE ENERGY AMERICA L.L.C.

ITEM	PREPARED OR FILED BY	FILING TYPE	DESCRIPTION OF DOCUMENT	DATED	DATE FILED OR ISSUED
1 ✓	COASTAL GAS MARKETING COMPANY	APPLICATION	Application for Blanket Imp/Export of Natural Gas	96-07-19	96-07-19
2	COASTAL GAS MARKETING COMPANY	AMENDMENT	Amendment to Application to Correct Volumes Requested to Equal 48.3 MMcf/d	96-09-12	96-09-12
3 ✓	DOE/FE	ORDER	Order 1202--Granting Long Term Authority to Import Natural Gas from Canada	96-09-24	96-09-24
4 ✓	WESTCOAST GAS SERVICES DELAWARE	AMENDMENT	Amendment to Application to Transfer Authorization to Westcoast Gas Services Delaware (America) nc.	00-09-21	00-09-21
5 ✓	DOE/FE	ORDER	Order 1202-A--Transferring Long-Term Authority to Import Natural Gas from Canada	00-09-29	00-09-29
6 ✓	ENGAGE ENERGY AMERICA CORP.	AMENDMENT	Requesting Transfer of Import Authority from Westcoast Gas Services Inc	00-11-09	00-11-09
7 ✓	DOE/FE	ORDER	Order 1202-B-Transferring Long-Term Authority to Import Natural Gas from Canada	00-11-20	00-11-20
9 ✓	ENGAGE ENERGY AMERICA L.L.C.	AMENDMENT	Requesting Transfer of Import Authority from Engage Energy America Corp.	01-04-05	01-04-05

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ITEM	PREPARED OR FILED BY	FILING TYPE	DESCRIPTION OF DOCUMENT	DATED	DATE FILED OR ISSUED
10	DOE/FE	ORDER	Order 1202-C Transferring Long-Term Authority to Import Natural Gas from Canada	01-04-19	01-04-19



**Coastal**  
The Energy People

July 19, 1996

REC'D DOE/FE

1996 JUL 19 P 3:34

Mr. John Glynn  
U.S. Department of Energy  
Office of Fuels Programs  
Natural Gas Import/Export Authorizations  
1000 Independence Avenue, S.W.  
FE-53, Room 3H-087  
Washington, D.C. 20587

Dear Mr. Glynn:

Pursuant to 10 C.F.R. §590.103(a), enclosed are an original and fifteen (15) copies of the Application of Coastal Gas Marketing Company for an Order Authorizing the Long-Term Importation of Natural Gas from Canada to serve markets off Empire State Pipeline Corporation in the U.S. Northeast. Also enclosed are three (3) additional copies to be date stamped and returned, and a check in the amount of \$50.00 to cover the filing fee.

If you have any questions regarding the enclosed application, please contact me at (202) 331-4665.

Sincerely,

Susan W. Ginsberg  
Manager, Regulatory Affairs

Enclosures

**Coastal Gas Marketing Company**

A SUBSIDIARY OF THE COASTAL CORPORATION  
2000 M ST NW • SUITE 300 • WASHINGTON DC 20036 • 202/466-7430

ORIGINAL

UNITED STATES OF AMERICA  
BEFORE THE DEPARTMENT OF ENERGY  
OFFICE OF FUELS PROGRAM  
FOSSIL ENERGY

Coastal Gas Marketing Company )

Docket No. FE96-1996-NG

APPLICATION OF COASTAL GAS MARKETING COMPANY  
FOR AN ORDER AUTHORIZING  
THE LONG-TERM IMPORTATION  
OF NATURAL GAS FROM CANADA

REC'D OIL/EE

JUL 19 1996 P 3:34

Pursuant to Section 3 of the Natural Gas Act (15 U.S.C. & 717b), as amended by Section 201 of the Energy Policy Act of 1992 (P.L. 102-486), the rules and procedures of 10 C.F.R. Part 590, and DOE Delegation Orders No. 0204-111 and 0204-127, Coastal Gas Marketing Company ("CGM", or "Applicant") submits this application for an order authorizing CGM to import natural gas from Canada for its overall supply pool to supply markets in the U.S. Northeast. CGM requests that this authorization be granted for a term of eleven years, commencing November 1, 1996. In support hereof, CGM submits the following:

I.

The exact legal name of Applicant is Coastal Gas Marketing Company. CGM is a corporation organized and existing under the laws of the State of Delaware, and has its principal place of business at 9 Greenway Plaza, Houston, Texas 77046. CGM is engaged in the business of buying and selling natural gas.

II.

All communications concerning this Application should be addressed to:

W.O. Strong III, Esquire  
Coastal Gas Marketing Company  
9 Greenway Plaza  
Houston, Texas 77046-0995

Attorney for Coastal Gas  
Marketing Company

Tel: (713) 877-1400  
Fax: (713) 877-6714

Susan W. Ginsberg  
Manager, Regulatory Affairs  
Coastal Gas Marketing Company  
2000 M Street, N.W.  
Suite 300  
Washington, D.C. 20036

Tel: (202) 331-4665  
Fax: (202) 331-4617

III.

CGM requests authorization from the Office of Fuels Programs, Fossil Energy to import up to 48.3 MMcf per day of Canadian natural gas for a period of eleven years, commencing on November 1, 1996. The imported gas will be part of the pool of gas from which CGM supplies its East Coast markets.

IV.

The gas to be imported will be produced in the Province of Alberta, Canada and supplied by a pool of producers comprised of Canadian Natural Resources Limited (14.773 MMcf/d), Cimarron Petroleum Ltd. (4.907 MMcf/d), Jordan Petroleum Ltd. (33.954 MMcf/d), Orbit Oil & Gas Ltd. (9.884 MMcf/d), Rigel Energy Corporation (4.942 MMcf/d), Rio Alto Exploration Ltd. (4.907 MMcf/d), and Wainoco Oil Corporation (4.907 MMcf/d) (collectively, the "Suppliers"). The gas will be received into the NOVA Gas Transmission Ltd. ("NOVA") pipeline system and transported to

Empress, Alberta, and NOVA's interconnect with TransCanada Pipelines Limited ("TCPL"). TCPL will transport the gas to the Canada-U.S. border near Chippawa, Ontario, where the gas will move on Empire State Pipeline Corporation ("Empire"). CGM has a primary delivery point on Empire of Phoenix, New York, but may use secondary delivery points upstream of Phoenix. Most points off Empire deliver into local distribution systems. However, Empire interconnects with National Fuel Gas Distribution Corp., on which CGM has existing transportation arrangements to move gas downstream of Empire. This will allow CGM to transport the gas to Coastal's U.S. Northeast markets. The Suppliers have existing transportation contracts with NOVA for the transportation to the TCPL receipt point at Empress. CGM will hold firm transportation on TCPL and Empire.

While Chippawa, Ontario will be the primary export point for the Suppliers' gas, CGM wishes to retain the flexibility to export at other export points should this become desirable from time to time.

#### V.

The natural gas to be imported under the subject long-term authorization will be used by CGM to serve markets in the U.S. Northeast, which consist primarily of local distribution companies, as well as electric generation companies, commercial and industrial end users, pipelines, and other marketers. The natural gas will essentially form part of CGM's portfolio of supply available to serve all of CGM's existing and new markets. At the present time,

i

CGM markets in excess of 500 MMcf/d of natural gas in the U.S. Northeast alone.

VI.

The Energy Policy Act states that the importation and exportation of natural gas from or to "a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas, shall be deemed to be consistent with the public interest, and applications for importation and exportation shall be granted without modification or delay." Because CGM's application is for the importation of natural gas from Canada, with which the United States has in effect a free trade agreement, CGM submits that its application meets the public interest.

VII.

CGM confirms its obligation to file with the Office of Fuels Program, Fossil Energy, within thirty (30) days following each calendar quarter, quarterly reports indicating the volumes sold and sales price at the International Border of any imports made.

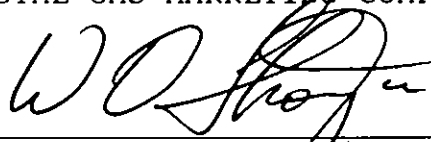
CGM submits the following Exhibits in support of this application:

- Exhibit A: Opinion of Counsel
- Exhibit B: Pro Forma Canadian Gas Supply Contract  
between Supplier and CGM

WHEREFORE, CGM submits that, for the reasons set forth above, its Application for authorization to import natural gas from Canada is consistent with the public interest, CGM respectfully requests

authorization from the Department of Energy to import natural gas from Canada on Empire to Northeast markets pursuant to the terms and conditions stipulated herein for a period of eleven (11) years commencing on November 1, 1996.

Respectfully submitted,  
COASTAL GAS MARKETING COMPANY



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W.O. Strong III, Esquire  
Attorney for Coastal Gas  
Marketing Company  
9 Greenway Plaza  
Houston, Texas 77046-0995  
Tel: (713) 877-1400

Dated at Houston, Texas,  
this 15th day of July, 1996



EXHIBIT A:  
Opinion of Counsel



**Coastal**  
The Energy People

W. O. STRONG III  
SENIOR STAFF ATTORNEY  
COASTAL GAS SERVICES COMPANY

July 15, 1996

Mr. Clifford Tomaszewski  
U.S. Department of Energy  
Office of Fossil Fuels  
1000 Independence Avenue, S.W.  
Room 3H087  
Washington, D.C. 20001

Re: Long-Term Importation of Natural Gas from Canada by  
Coastal Gas Marketing Company, Docket No. FE96-\_\_-NG

Dear Mr. Tomaszewski:

As counsel for Coastal Gas Marketing Company ("CGM"), Applicant in the above-referenced proceeding, I have reviewed the Certificate of Incorporation and Bylaws of CGM, and such other documents as I have deemed necessary in order to advise you that:

1. CGM is a corporation duly incorporated and validly existing in good standing under the laws of the State of Delaware, and has all requisite corporate power and authority to own and operate its properties and to carry on its business; and

2. CGM has the requisite corporate authority to import natural gas from Canada.

Truly yours,

W.O. Strong III

Attorney for Coastal Gas  
Marketing Company

**Coastal Gas Services Company**

A SUBSIDIARY OF THE COASTAL CORPORATION  
COASTAL TOWER • NINE GREENWAY PLAZA • HOUSTON TX 77046-0995 • 713/877-1400

EXHIBIT B:  
Pro Forma Canadian Gas Supply Contract  
Between Supplier and CGM  
With Signature Pages

March 25, 1996

Producer  
Address Line  
Calgary AB

Attention: Marketing Department

**RE: GAS PURCHASE AGREEMENT FOR THE U.S. NORTHEAST MARKET AREA  
OFF OF EMPIRE STATE PIPELINE ("EMPIRE") BETWEEN COASTAL GAS  
MARKETING COMPANY ("Buyer") AND PRODUCER ("Seller")**

To confirm our recent agreement, this letter ("Letter") outlines the general terms and conditions to which our companies (the "Parties" hereto) have agreed with respect to the subject netback purchase arrangement. The overall nature of the arrangement is that Buyer shall market certain volumes of Seller's gas, under a netback price arrangement, in the U.S. Northeast to various customers of Buyer ("Customers").

Buyer is in the process of obtaining, for subsequent reassignment to Seller, firm transportation capacity for the gas subject to this Letter as follows:

- (i) Buyer has requested firm transportation service on TransCanada PipeLines Limited ("TCPL") from Empress, the interconnect with TCPL of NOVA Corporation ("NOVA"), to Chippawa, Ontario for the term provided in the next two sentences ("TCPL Service"). The Parties acknowledge that the subject TCPL Service will be part of TCPL's facilities application for expansion of facilities for an in-service date estimated to be November 1, 1997 ("TCPL 1997 Expansion Facilities") and an estimated expiry of October 31, 2007. The Parties further acknowledge that Buyer has requested an early in-service transportation date with TCPL of November 1, 1996 for the subject TCPL Service, and that TCPL may be able to provide such early transportation service for all or a portion of the period between November 1, 1996 and TCPL's anticipated in-service date for the 1997 expansion facilities on such interim basis.
- (ii) Buyer has requested firm transportation on Empire State Pipeline Corporation ("Empire") from Chippawa, Ontario to various interconnects off of Empire with one or more of the following LDC's: National Fuel Gas Supply Corporation, Niagara Mohawk Power Corporation, New York State Electric & Gas Corporation, Rochester Gas & Electric Corporation.
- (iii) Of such TCPL Service (including any interim service) and Empire Service, Buyer will allocate to Seller \_\_\_\_\_  $10^3\text{M}^3$  per day of TCPL Service (equal to the MDQ hereunder before

incorporation of Fuel Gas as outlined in Section 5) and \_\_\_\_\_ MMBtu/day of Empire Service (collectively referred to as "**Seller's Allocated Transport Capacity**").

**1. Conditions Precedent and Date of First Delivery**

The "**Date of First Delivery**" shall be the latter of November 1, 1996 and the first day of the month immediately following the month in which the last of the following conditions precedent is satisfied.

- (i) Buyer and Seller shall have obtained all regulatory licenses (short term is acceptable if long term is not required by the National Energy Board of Canada), removal permits (short term is acceptable if a long term permit is not required by regulators), U.S. import authorizations (including state and local authorization as applicable), necessary in Buyer's sole opinion to complete this transaction all collectively referred to as the "**Regulatory Authorizations**".
- (ii) Buyer shall have obtained TCPL Service, or a portion thereof, in order to commence deliveries.
- (iii) Buyer shall have obtained Empire Service, or a portion thereof, in order to commence deliveries.
- (iv) In the event that Buyer has not obtained or waived all conditions precedent prior to November 1, 1997, either Buyer or Seller may on or before December 31, 1997 give notice to terminate this Letter by giving the other Party prior written notice of termination to be effective January 31, 1998, which termination is conditional on these conditions precedent not being satisfied prior to January 31, 1998.

**2. Early Termination**

- (a) If for any reason Buyer and Seller agree to commence the delivery, sale and purchase of gas under this Letter before the long term portion of the TCPL Service has been obtained and TCPL and/or the N.E.B. elects in their sole opinion to abandon, modify or reject the long term portion of the TCPL Service and thus Buyer does not obtain the long term portion of the TCPL Service by December 31, 1997, then this Letter shall terminate on ten days prior notice from Buyer to Seller, but in any event shall terminate no later than January 31, 1998.
- (b) Similarly, if any Regulatory Authorizations cannot be maintained for the period beyond December 31, 1997, then either Buyer or Seller, on prior written notice given not later than January 31, 1998, may terminate this Letter effective January 31, 1998.

**3. Term**

- (a) This Letter shall be effective as of the date executed by Seller, with delivery and purchase obligations estimated to commence November 1, 1996 and shall be subject to the ongoing availability of the TCPL Service. Subject to the provisions hereunder, this Letter shall remain in effect for a primary "**Term**" of eleven (11) years extending through to the termination date of the TCPL Service, which is expected to be October 31, 2007.
- (b) Buyer is participating in TCPL's 1997 firm transportation service open season but has requested early startup of the TCPL Service with an in-service date of November 1, 1996. In the event TCPL is unable to provide TCPL Service on November 1, 1996, the commencement of the delivery and purchase obligations hereunder shall be delayed to coincide with the obtaining of all conditions precedent under Section 2. The delivery and purchase obligations hereunder shall commence with the actual TCPL in-service date for the TCPL Service hereunder.
- (c) The "**Contract Year(s)**" shall be from the first day of November of a calendar year through the following calendar year's thirty-first day of October. The first Contract Year shall commence on the Date of First Delivery and end on the first date of October 31 thereafter.

**4. Acknowledgment of the TCPL Service Contractual Structures.**

- (a) It is understood that the necessary TCPL Service is expected to be provided through at least two (2) arrangements, one being a short term Firm Transportation Service Contract commencing November 1, 1996 ("**TCPL-ST Agreement**") and terminating on or about April 1, 1997, and the second being a long term Firm Transportation Service Contract ("**TCPL-LT Agreement**"), commencing with the later of: (i) approval by applicable regulatory authorities and; (ii) the installation and completion of needed facilities. The TCPL-LT Agreement is expected to commence coincident with the expiry of the TCPL-ST Agreement. In the event such commencement is delayed, TCPL is expected to use its reasonable efforts to extend the TCPL-ST Agreement or provide interim service (including interruptible service) until the TCPL-LT Agreement commences. In any event, commencement of the TCPL-LT Agreement is expected to be no later than November 1, 1997.
- (b) In the event the TCPL-ST Agreement expires prior to the commencement of the TCPL-LT Agreement, then subject to subsection (c), both Parties' obligations, as contemplated herein, to deliver, market, sell and pay for gas hereunder will be suspended until the necessary transportation service to Buyer under the TCPL-LT Agreement (or any interim service provided by TCPL as referred to in (a) above) is available.
- (c) Buyer and Seller agree, that during any interruption of transportation service under, or during any suspension period between, the TCPL-ST Agreement and the TCPL-LT Agreement, both

Parties will use all reasonable efforts to mitigate any costs or expenses incurred as a result of any such transportation service interruption (including mitigation of the associated Empire Service) and shall use all reasonable means to facilitate the resumption of such interrupted transportation service. Furthermore, Buyer shall use all reasonable efforts during any such interruptions to market Seller's gas at Empress on such terms as Buyer and Seller may agree.

**5. Volume**

- (a) The Maximum Daily Quantity ("**MDQ**") shall be \_\_\_\_\_  $10^3\text{m}^3$  per day **PLUS** associated fuel, line loss and shrinkage on TCPL ("**Fuel Gas**") and is based on the volume TCPL capacity.
- (b) Gas volumes resold by Buyer shall be sold as either "**Spot Gas**" (all volumes other than Term Gas) or as "**Term Gas**" (long term sales arrangements to Customers with a term greater than \_\_\_\_\_). For Term Gas, the specific terms and conditions of each Term Gas arrangement must be approved by Seller (including verbal approval) prior to the commencement of the subject Term Gas arrangement.

**6. Delivery Point**

The "**Delivery Point**" shall be at NOVA's Empress border delivery station at the inlet to TCPL.

**7. Resale Point**

The "**Resale Point**" shall be various delivery points off of Empire.

**8. Netback Revenues**

- (a) Buyer shall pay Seller by cheque or wire transfer (as directed by Seller) on or before the twenty-fifth day (or the next business day if the twenty-fifth is not a banking business day) of each month succeeding the month of gas delivery, "**Netback Revenues**" associated with gas sold at the Resale Point determined by Buyer from the following calculation:

The Netback Revenues shall be calculated by using the volume weighted average price per MMBtu received by Buyer from Customers for both Spot Gas and Term Gas deliveries during the preceding month ("**Resale Price**") **MINUS** (i) all tariff transportation costs from the Delivery Point to the Resale Point that are incurred by Buyer on behalf of Seller for the delivery of the Spot and Term Gas including, without limitation, fixed and variable charges, penalties (unless caused by Buyer), fees and taxes; **MINUS** (ii) the Operations Fee; **MINUS** (iii) the Price Incentive Fee; **MINUS** (iv) all reasonable third party expenses incurred by Buyer to deliver, or cause to be delivered, the gas hereunder (including pipeline financial guarantees, transaction costs associated with financial derivatives agreed to by Seller and costs imposed by

a government or regulatory authority); **MINUS** (v) any hedging losses; **PLUS** (vi) any hedging gains and **MINUS** (vii) any costs associated with Replacement Gas obtained to replace gas not available from Seller, for any reason other than those excused by Force Majeure.

Where Operations Fee and the Price Incentive Fee shall be determined as follows.

- The "**Operations Fees**" shall be \_\_\_\_\_. The Operations Fee shall be applied to all volumes requested by Buyer at the Delivery Point.
- A "**Price Incentive Fee**" shall be applied to all volumes requested by Buyer at the Delivery Point and shall be determined with the following table:


- Where the "**Chippawa Price**" shall be the weighted average price received by Buyer from Customers at the Point of Resale for both Spot Gas and Term Gas minus all transportation costs on Empire (calculated per MMBtu) associated with such sales. The purpose of this calculation is to determine a deemed price for Seller's gas hereunder at Chippawa.
  - Where the "**Chippawa Monthly Index**" shall be the monthly price index for the interconnect between TransCanada PipeLines and Empire as published by Gas Daily in their monthly "Canadian Border Prices" under the subtitle "Empire".
- (b) In the event that Seller desires to hedge its revenues hereunder utilizing financial derivative products, then upon such notification to Buyer, the Parties shall endeavor to (but shall not be obligated to) mutually agree upon such derivatives pricing as it applies to the Resale Point. Upon mutual agreement and provided that Buyer can secure contracts or swap transactions to implement such hedge, the resulting monthly hedging gain and/or loss shall be accounted for in the Netback Revenue calculation.
- (c) The price for Spot Gas shall be the average price received by Buyer from Customers for Spot Gas transactions at the Resale Point.
- (d) For a period starting November 1, 1996 and ending two (2) years after termination of this Letter, Seller shall have audit rights to review those records of Buyer's business as are necessary to review Buyer's calculation of the Netback Revenues. No adjustment in any payment made will be made or allowed unless such claim is brought within two (2) years of the date of payment was due.



**9. Transportation**

- (a) Buyer and Seller shall operate this netback arrangement utilizing firm transportation to the Delivery Point and from the Delivery Point to the Resale Point. Seller shall obtain, hold and operate all NOVA transportation necessary to the Delivery Point. Buyer shall obtain, hold and operate the Seller's Allocated Transport Capacity pursuant to the agency provisions herein.
- (b) Buyer shall arrange for the subject TCPL Service and Empire Service on behalf of Seller. Buyer shall then permanently assign Seller's Allocated Transport Capacity to Seller (and Seller shall accept such permanent assignment), and thus Seller shall become the primary shipper of record with TCPL and Empire. The permanent assignment of Seller's Allocated Transport Capacity shall be effected by the Parties immediately on Buyer's receipt of each of the TCPL Service and the Empire Service executing TCPL's and Empire's respective standard assignment and novation agreement(s) for Seller's Allocated Transport Capacity in accordance with TCPL's and Empire's respective standard procedures.
- (c) Seller shall be responsible for, and do all things necessary to satisfy TCPL's and Empire's credit requirements for Seller's Allocated Transport Capacity. In the event Seller is unable to satisfy TCPL's and/or Empire's credit requirements, then Buyer shall provide creditworthiness to TCPL and/or Empire, as applicable, in such form as Buyer determines appropriate and deduct the actual cost of such credit arrangements from the Netback Revenues.
- (d) Upon Seller executing a precedent agreement or a transportation service agreement or taking permanent assignment of Seller's Allocated Transport Capacity, Seller shall appoint Buyer as agent to operate Seller's Allocated Transport Capacity for the Term hereunder ("**Transport Agency**"). Such Transport Agency shall be effected by the Parties forthwith executing a letter addressed to each of TCPL and Empire (from Seller) in the form attached hereto. Such Transport Agency shall appoint Buyer as Seller's agent to operate Seller's Allocated Transport Capacity. In such capacity as Seller's agent, Buyer shall place all nominations, manage fuel and inventory accounts and associated imbalances, receive all pipeline statements including invoices, and make payments to each of TCPL and Empire, all on Seller's behalf. Subject to any early termination hereunder, the Parties shall do all things to ensure the Transport Agency remains in effect for the Term hereunder.
- (e) In the event that Buyer is unable for any reason to make the permanent assignment or Seller fails to take or qualify for such permanent assignment of the subject TCPL capacity and/or the subject Empire capacity, for any reason, then Buyer shall hold the Seller's Allocated Transport Capacity (or just the TCPL portion, or just the Empire portion, as the case may be) on behalf of Seller; and pursuant to the terms and conditions of this Letter, Seller shall indemnify and hold Buyer harmless for all costs and charges that are associated with the obligations assumed

by Buyer for Seller's Allocated Transport Capacity (or just the TCPL portion, or just the Empire portion, as the case may be).

**10. Seller's Supply Assurances**

- (a) Seller shall deliver each day at the Delivery Point the quantity of gas requested by Buyer up to the MDQ. In the event Seller fails to deliver the quantity requested by Buyer (a "**Delivery Default**"), Seller shall indemnify Buyer for all incremental costs in acquiring replacement volumes ("**Replacement Gas**") including any costs incurred by customers of Buyer affected by such Delivery Default in acquiring replacement volumes and delivery of same to Buyer's Customers. Buyer and Seller shall cooperate to minimize any incremental costs associated with such Replacement Gas.
- (b) Seller shall actively support Buyer's and TCPL's applications to the applicable regulatory bodies and shall demonstrate sufficient supply to such regulatory bodies (including without limitation the E.U.B. and the N.E.B.) as may be necessary to: (i) obtain any Regulatory Authorizations including, without limitation, a Long Term Alberta Removal Permit; (ii) successfully support TCPL's facilities application; and (iii) obtain, separately or in conjunction with Buyer, a Long Term Export License.
- (c) Seller shall be responsible for all costs for evaluating and testifying to Seller's reserves, deliverability and supply as required in connection with Buyer or Seller obtaining and maintaining the Seller's Allocated Transport Capacity and the Regulatory Authorizations.

**11. Buyer's Take Commitment**

- (a) With respect to Term Gas, the load factor and take commitment shall be as outlined in the relevant Schedule "A". With respect to Spot Gas, Buyer shall use all reasonable commercial efforts to maintain purchases hereunder at one hundred percent (100%) load factor. Furthermore, unless Seller in a notice in writing directs Buyer to the contrary, Buyer shall use all commercially reasonable commercial efforts to ensure any quantities not requested hereunder as Term Gas are resold as Spot Gas at the Resale Point.
- (b) Buyer shall, in good faith, provide Term Gas opportunities to all members of the Empire Group on an equitable basis. This equitable basis shall incorporate their then current volumes of Spot Gas which are available for dedication to a potential Term Gas arrangement. With respect to Spot Gas, Buyer shall, in good faith, treat all members of the Empire Group equitably. For the purposes hereunder the "**Empire Group**" means the group of producers who are selling gas to Buyer under agreements with Buyer which are substantially similar to this Letter for all material commercial terms and conditions.

- (c) In addition to the provisions of subsection 11(a) above, subject to relief for Buyer due to Force Majeure, Buyer shall request, and purchase if available, a "**Minimum Annual Volume**" equal to ninety-five percent (95%) **MULTIPLIED BY** the MDQ, **MULTIPLIED BY** the number of days in the relevant Contract Year. In the event Buyer fails to request the Minimum Annual Volume ("**Take Default**"), then for the resulting "**Shortfall Volume**", Buyer shall indemnify Seller for the theoretical opportunity costs associated with replacement market(s) at the Resale Point. The per unit opportunity cost to be applied to the Shortfall Volume shall be the positive difference, if any, between the arithmetic average of the Chippawa Price hereunder for the subject Contract Year, **MINUS** the arithmetic average of the Chippawa Monthly Index prices for the subject Contract Year.
- (d) The greater of the volume initially requested by Buyer and the volume actually delivered pursuant to that request shall be used in determining whether Buyer has satisfied any take obligations hereunder.

## **12. Force Majeure**

- (a) Events beyond the reasonable control of either Party and shall constitute "**Force Majeure**". Without limiting the generality of the foregoing, Force Majeure shall specifically include curtailments of NOVA delivery service at Empress, curtailments of the TCPL Service, curtailments of the Empire Service, curtailments of transportation service downstream of the Resale Point affecting the gas hereunder, and events of Force Majeure declared by Buyer's Customers not within the reasonable control of Buyer hereunder.
- (b) In the event of Force Majeure, pursuant to the nature of this netback arrangement, Seller shall indemnify Buyer for all costs associated with any unutilized capacity, or the mitigation thereof, from the Delivery Point to the Resale Point associated with Seller's Allocated Transport Capacity. In the event of Force Majeure declared by Seller, Seller shall provide Buyer with a prorata share of Seller's Alberta gas supply (excluding specific reserves that are contractually dedicated to third parties), unless there is curtailment of firm service by NOVA at the Empress Border in which case Seller shall provide Buyer with a prorata share of Seller's deliveries at Empress. In the event of Force Majeure declared by Buyer, then Buyer, shall use commercially reasonable efforts to provide Seller with Spot Gas markets. Lack of funds or inability to pay shall not constitute an event of Force Majeure.

**13. Arbitration**

In the event that (a) there is a dispute between the Parties with respect to the calculation of the Netback Revenues; or (b) there is a material change in government regulations such that the purposes of this Agreement are frustrated; or (c) the Parties are unable to agree on a replacement for a price index used herein that is no longer available, then such matter shall be subject to binding arbitration. Upon written notice of a request for arbitration by either Buyer or Seller, the Parties shall use the British Columbia Commercial Arbitration Act and the services of the British Columbia Arbitration Center to select a single independent arbitrator. The arbitration shall be "baseball" arbitration wherein the arbitrator shall select either the Seller's or the Buyer's final offer. The Arbitrator shall select the offer that best reflects the netback arrangement contemplated by the Parties; i.e., an index price for gas at the Resale Point as described hereunder net of all costs, expenses and fees from the Delivery Point to the Resale Point.

**14. Seller's Right to a Third Party Purchaser**

In the event Buyer is unable to sell Seller's Spot Gas at the Resale Point, then subject to Buyer's consent, which consent shall not be unreasonably withheld, Seller may direct Buyer to resell Seller's gas to a "Third Party Purchaser" at the Resale Point. In such event, such sale to a Third Party Purchaser shall not compromise or frustrate Buyer's right to request Term Market Gas. Revenue received by Buyer for such sale to the Third Party Purchaser shall be deemed to be a Spot Gas sale.

**15. Replacement of Price Indexes if Indexes are No Longer Published or Available**

In the event the monthly price index references agreed to hereunder cease to exist or are no longer published, the Parties will meet within twenty (20) days of a written request by either Party to determine a replacement price index for the specific index, which must be replaced. If agreement on a new monthly price index is not reached within sixty (60) days then the matter will be submitted to Arbitration in accordance with Section 13. Any change shall be effective as of date the subject monthly price index reference was no longer available.

**16. Sole Remedy and Limitation on Damages**

The remedies outlined hereunder for Buyer and/or Seller's failure to perform their respective delivery and receipt obligations are Buyer's and Seller's sole remedies. Furthermore, neither Buyer nor Seller shall be liable to the other for any consequential, incidental or punitive damages resulting from a breach of this Letter.

**17. Seller's Right to Suspend Delivery and Then Terminate in the Event of Failure To Pay**

If the failure to pay an undisputed amount continues for five (5) consecutive business days after the day payment is due and such late payment is not the fault of Seller, then Seller, in addition to any other remedy hereunder, may immediately suspend further deliveries of gas under this Letter, until the overdue amount inclusive of interest is fully paid. If failure to pay continues for an additional five (5) business days after the suspension is in effect, then Seller may terminate this Letter immediately.

**18. Buyer's Right to Suspend Purchases and Then Terminate in the Event of a Sustained Failure to Deliver**

If a Delivery Default is experienced for more than ten (10) consecutive days or fifteen days in aggregate during a Contract Year, then Buyer, in addition to any other remedy hereunder, may suspend purchases from Seller hereunder until further notice, in which case Seller shall indemnify Buyer for incremental costs associated with obtaining Replacement Gas for the duration of such suspension. Alternatively, at Buyer's sole discretion, Buyer may terminate this Letter at any time during such period of suspension.

**19. Measurement and Conversions**

- (a) All gas to be delivered hereunder shall be measured as to volume, quality and heating value by TCPL in accordance with the provisions set out in TCPL's tariff, in effect from time to time, at the meters installed, operated and maintained by TCPL at the Delivery Point and the heating value of the delivered gas shall be determined by instruments operated by TCPL. The measurements and all other volume, quality and heating value measurements as made by TCPL shall be accepted by the Parties and utilized for all purposes of this Letter.
- (b) All gas to be delivered hereunder shall be measured as to volume, quality and heating value by Empire in accordance with the provisions set out in Empire's tariff, in effect from time to time, at the meters installed, operated and maintained by Empire at the Resale Point and the heating value of the delivered gas shall be determined by instruments operated by Empire. The measurements and all other volume, quality and heating value measurements as made by Empire shall be accepted by the Parties and utilized for all purposes of this Letter.
- (c) All conversions to be done for or in relation to this Letter from imperial units of measurement to metric units or vice versa shall be done by utilizing the conversion utilized by TCPL from time to time at the Delivery Point.

**20. Regulatory Authorization Costs**

Each Party shall be responsible for its own third party expenses associated with obtaining the Regulatory Authorizations, subject to the following:

- (i) Seller shall be responsible for all costs associated with evaluating and testifying to matters pertaining to its supply;
- (ii) Buyer shall be responsible for all costs associated with describing and testifying to matters pertaining to the downstream transportation and end-use of the gas hereunder;
- (iii) Buyer shall be responsible for all costs associated with obtaining the U.S. Import Authorizations;
- (iv) Seller shall be responsible for all costs associated with obtaining the Alberta E.U.B. Removal Permit;
- (v) Buyer shall determine Seller's prorata share of common third party costs associated with the N.E.B. processes for both the TCPL facilities expansion and the long term Export License (for the TCPL Service hereunder). Seller shall then forthwith reimburse Buyer such share of the common third party costs, however in no event shall the cost reimbursed by Seller under this subsection (v) be greater than \_\_\_\_\_.

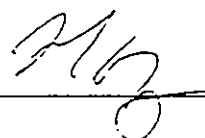
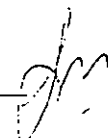
**21. Other**



- (a) Each of the Parties shall from time to time and at all times after the date of this Letter, on reasonable written request to do so, do all such further acts and execute and deliver, or cause to be done, executed or delivered all such further acts, deeds, documents, assurances and things as may be reasonably required in order to fully perform and to more effectively implement and carry out in the terms of this Letter.
- (b) This Letter outlines the general terms of our agreement. The Parties agree to replace this Letter with a more comprehensive agreement (the "**Formal Contract**"). The Formal Contract will contain other standard terms and conditions commonly found in long term gas supply arrangements.
- (c) Until this Letter is replaced with the Formal Contract, this Letter shall be the contract between the Parties.

Agreed to by Producer this \_\_\_\_\_ day of \_\_\_\_\_, 1996.

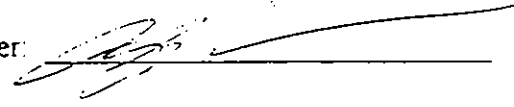
Agreed to by Canadian Natural Resources Ltd. this \_\_\_\_\_ day of \_\_\_\_\_, 1996.

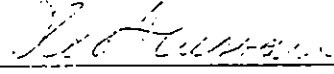
COASTAL GAS MARKETING COMPANY

Per:    
Name: Mike Broadfoot  
Title: Vice President

Per:    
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CANADIAN NATURAL RESOURCES LTD.

Per:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Per:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Réal Cusson  
Vice-President Marketing

and things as may be reasonably required in order to fully perform and to more effectively implement and carry out in the terms of this Letter.

- (b) This Letter outlines the general terms of our agreement. The Parties agree to replace this Letter with a more comprehensive agreement (the "Formal Contract"). The Formal Contract will contain other standard terms and conditions commonly found in long term gas supply arrangements.
- (c) Until this Letter is replaced with the Formal Contract, this Letter shall be the contract between the Parties.

Agreed to by Cimarron Petroleum Ltd. this 28 day of MARCH, 1996.

COASTAL GAS MARKETING COMPANY

CIMARRON PETROLEUM LTD.

Per: [Signature]

Per: [Signature]

Name: Mike Broadfoot

Name: KERRY LYONS

Vice President

VICE PRESIDENT,

Title: \_\_\_\_\_

Title: ENGINEERING & MARKETING

Per: [Signature]

Per: [Signature]

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_



of the common third party costs, however in no event shall the cost reimbursed by Seller under this subsection (v) be greater than \$15,000.

21. Other

- (a) Each of the Parties shall from time to time and at all times after the date of this Letter, on reasonable written request to do so, do all such further acts and execute and deliver, or cause to be done, executed or delivered all such further acts, deeds, documents, assurances and things as may be reasonably required in order to fully perform and to more effectively implement and carry out in the terms of this Letter.
- (b) This Letter outlines the general terms of our agreement. The Parties agree to replace this Letter with a more comprehensive agreement (the "Formal Contract"). The Formal Contract will contain other standard terms and conditions commonly found in long term gas supply arrangements.
- (c) Until this Letter is replaced with the Formal Contract, this Letter shall be the contract between the Parties.

Agreed to by Jordan Petroleum Ltd. this 29 day of March, 1996.

COASTAL GAS MARKETING COMPANY

JORDAN PETROLEUM LTD.

Per: [Signature]

Per: [Signature]

Name: Mike Breadfoot

Name: FRANK WALSH, V.P.

Title: Vice President

Title: MARKETING & CORP. DEV.

Per: [Signature]

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

(c) Until this Letter is replaced with the Formal Contract, this Letter shall be the contract between the Parties.

Agreed to by Orbit Oil & Gas this 25 day of March, 1996.

COASTAL GAS MARKETING COMPANY

Per: [Signature]

Name: Mike Broadfoot  
Vice President

Title: \_\_\_\_\_

Per: [Signature]

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ORBIT OIL & GAS

Per: [Signature]  
KURT LARSEN

Name: MARKETING & BUSINESS DEVELOPMENT

Title: \_\_\_\_\_

Per: [Signature]

Name: C.A. TERPICE

Title: EXECUTIVE VICE PRESIDENT

of the common third party costs, however in no event shall the cost reimbursed by Seller under this subsection (v) be greater than \$15,000.

21. Other

- (a) Each of the Parties shall from time to time and at all times after the date of this Letter, on reasonable written request to do so, do all such further acts and execute and deliver, or cause to be done, executed or delivered all such further acts, deeds, documents, assurances and things as may be reasonably required in order to fully perform and to more effectively implement and carry out in the terms of this Letter.
- (b) This Letter outlines the general terms of our agreement. The Parties agree to replace this Letter with a more comprehensive agreement (the "Formal Contract"). The Formal Contract will contain other standard terms and conditions commonly found in long term gas supply arrangements.
- (c) Until this Letter is replaced with the Formal Contract, this Letter shall be the contract between the Parties.

Agreed to by Rigel Oil & Gas Ltd. this 27 day of March, 1996.

COASTAL GAS MARKETING COMPANY

RIGEL OIL & GAS LTD.

Per: [Signature]

Per: [Signature]

Name: Mike Broadfoot  
Vice President

Name: VICE PRESIDENT  
BUSINESS DEVELOPMENT  
AND GAS MARKETING

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Per: [Signature]

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

and things as may be reasonably required in order to fully perform and to more effectively implement and carry out in the terms of this Letter.

- (b) This Letter outlines the general terms of our agreement. The Parties agree to replace this Letter with a more comprehensive agreement (the "Formal Contract"). The Formal Contract will contain other standard terms and conditions commonly found in long term gas supply arrangements.
- (c) Until this Letter is replaced with the Formal Contract, this Letter shall be the contract between the Parties.

Agreed to by Rio Alto Exploration Ltd. this 28 day of MARCH, 1996.

COASTAL GAS MARKETING COMPANY

RIO ALTO EXPLORATION LTD.

Per: \_\_\_\_\_

Per: \_\_\_\_\_

Name: Mike Broadfoot

Name: \_\_\_\_\_

Title: Vice President

Title: \_\_\_\_\_

Per: \_\_\_\_\_

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

21. Other

- (a) Each of the Parties shall from time to time and at all times after the date of this Letter, on reasonable written request to do so, do all such further acts and execute and deliver, or cause to be done, executed or delivered all such further acts, deeds, documents, assurances and things as may be reasonably required in order to fully perform and to more effectively implement and carry out in the terms of this Letter.
- (b) This Letter outlines the general terms of our agreement. The Parties agree to replace this Letter with a more comprehensive agreement (the "Formal Contract"). The Formal Contract will contain other standard terms and conditions commonly found in long term gas supply arrangements.
- (c) Until this Letter is replaced with the Formal Contract, this Letter shall be the contract between the Parties.

Agreed to by Wainoco Oil Corporation this 26 day of March, 1996.

COASTAL GAS MARKETING COMPANY

Per: [Signature]

Name: Mike Broadfoot  
Title: Vice President

Per: [Signature]

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

WAINOCO OIL CORPORATION

Per: [Signature]

Name: ROBERT JONES  
Title: SENIOR V.P. GAS OPERATIONS

Per: [Signature]

Name: J. Terry Ruzon  
Title: General Sales Manager



**Coastal**  
The Energy People

September 12, 1996

REC'D DOE/FE

1996 SEP 16 A 8:46

Office of Fuels Programs, Fossil Energy  
U.S. Department of Energy  
1000 Independence Avenue, S.W.  
Docket Room 3F-056, FE-50  
Washington, D.C. 20585  
Attn: Patrick Fleming

RE: Amendment to Application for Short-Term Importation and Exportation  
of Natural Gas on a Blanket Basis by Coastal Gas Marketing Company,  
FE Docket No. 96-52-NG

Dear Mr. Fleming:

Coastal Gas Marketing Company hereby submits an amendment to its Application for Short-Term Importation and Exportation of Natural Gas on a Blanket Basis, filed in the above-referenced docket on July 19, 1996. The amendment is to correct a typographical error on the volume of gas to be supplied by Jordan Petroleum Ltd., listed on page 2 of the Application, Section IV. The correct volume should be 3.954 MMcf/d, not 33.954 MMcf/d. With this correction, the combined volumes of the seven producers should equal 48.3 MMcf/day.

Should you have any questions, please call me at (202) 331-4665.

Truly yours,

Susan W. Ginsberg  
Manager, Regulatory Affairs

**Coastal Gas Marketing Company**

A SUBSIDIARY OF THE COASTAL CORPORATION  
2000 M ST NW • SUITE 300 • WASHINGTON DC 20036 • 202/466 7430

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

1996 SEP 24 P 2:29

REC'D DOE/FE

\_\_\_\_\_  
COASTAL GAS MARKETING COMPANY )  
\_\_\_\_\_ )

FE DOCKET NO. 96-52-NG

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

DOE/FE ORDER NO. 1202

SEPTEMBER 24, 1996

## I. DESCRIPTION OF REQUEST

On July 19, 1996, Coastal Gas Marketing Company (CGM) 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> and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting authorization to import up to 48,300 Mcf per day of natural gas from Canada. The term of the proposed authorization would be for a period of 11 years beginning November 1, 1996, and extending through October 31, 2007. CGM, a Delaware corporation located in Houston, Texas, and a wholly-owned subsidiary of the Coastal Corporation, is in the business of buying and selling natural gas. CGM states that the imported gas would be used to supply its U.S. markets in the Northeast. CGM's customers are primarily local distribution companies, as well as electric generation companies, commercial and industrial end-users, and other marketers. The imported gas will be part of a pool of gas from which CGM supplies its East Coast markets.

The gas to be imported would be produced in the Province of Alberta and supplied by a pool of seven producers comprised of Canadian Natural Resources Limited (14,773 Mcf per day), Cimarron Petroleum Ltd. (4,907 Mcf per day), Jordan Petroleum Ltd. (3,954 Mcf per day), Orbit Oil & Gas Ltd. (9,884 Mcf per day), Rigel Energy Corporation (4,942 Mcf per day), Rio Alto Exploration Ltd. (4,907 Mcf per day), and Wainoco Oil Corporation (4,907 Mcf per day). This 48,300 Mcf per day of gas would be supplemented by

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<sup>1/</sup> 15 U.S.C. § 717b.



these producers with additional volumes of fuel gas for line loss and shrinkage in transportation by TransCanada PipeLines Limited (TCPL) to the international border from Empress, Manitoba. The gas would be received into the pipeline system of NOVA Gas Transmission Ltd. (NOVA) and transported by the respective producers to Empress, Alberta, where NOVA's system interconnects with the pipeline system of TCPL. TCPL would transport the gas to the border of the United States and Canada near Chippewa, Ontario/Grand Island, New York, where the gas would be further transported on the pipeline system of Empire State Pipeline Corporation (Empire). CGM has a primary delivery point on Empire of Phoenix, New York, but may use secondary delivery points upstream of Phoenix. Most points off Empire deliver into local distribution systems. In addition, CGM has existing transportation arrangements with National Fuel Gas Distribution Corporation to transport the gas downstream of Empire to CGM's other U.S. Northeast markets. CGM would hold capacity in its name to the U.S. border on TCPL.

While Chippewa, Ontario/Grand Island, New York, will be the primary delivery point on TCPL for the imported gas, CGM wishes to retain the flexibility to import at other international border points should this become desirable from time to time.

CGM filed one copy of the uniform Gas Purchase Agreement between CGM and its seven Canadian suppliers, including a copy of the executed signature page from each particular agreement. The price CGM would pay to import the gas at the international border would be a "netback" price. For the most part, this "netback"

price is the price paid by CGM to each supplier during each month succeeding any month when gas is delivered to CGM's customers. It would equal the weighted average resale price received by CGM for the gas it imports during the preceding month, minus transportation expenses, minus a marketing fee, and minus an incentive fee that CNG would receive from the producers whenever the weighted average resale price exceeds the published index price for all Canadian gas sold to U.S. importers at the interconnect between TCPL and Empire. This index price is contained in the table "Canadian Border Prices" under the subtitle "Empire" as reported each month by GAS DAILY.

## II. FINDING

The application filed by CGM 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 CGM 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. Coastal Gas Marketing Company (CGM) is authorized to import from Canada up to 48,300 Mcf per day of natural gas. The term of the authorization shall begin November 1, 1996, and continue through October 31, 2007.

B. This gas shall be imported primarily near Chippewa, Ontario/Grand Island, New York (or at other points on the border of the United States and Canada should CGM deem it desirable from time to time), under the provisions of the separate Gas Purchase Agreements between CGM and Canadian Natural Resources Limited (14,773 Mcf per day), Cimarron Petroleum Ltd. (4,907 Mcf per day), Jordan Petroleum Ltd. (3,954 Mcf per day), Orbit Oil & Gas Ltd. (9,884 Mcf per day), Rigel Energy Corporation (4,942 Mcf per day), Rio Alto Exploration Ltd. (4,907 Mcf per day), and Wainoco Oil Corporation (4,907 Mcf per day) filed in this docket.

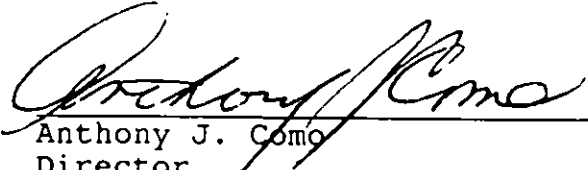
C. Within two weeks after deliveries begin, CGM shall provide written notification to the Office of Fuels Programs (OFP), Fossil Energy, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first imports of natural gas authorized in Ordering Paragraph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

D. With respect to the natural gas imports authorized by this Order, CGM shall file with OFP, within 30 days following each calendar quarter, quarterly reports showing by month the

total volume (in Mcf) imported and the average purchase price per MMBtu paid at the international border. The information for a particular month shall list separately the volumes imported under each of the gas purchase agreements between CNG and its seven Canadian suppliers. If any volumes are transported to a delivery point other than Chippewa, Ontario/Grand Island, New York, CGM must identify the volumes, the point(s) of delivery, and the final disposition of the supply, by state.

E. The first quarterly report required by Ordering Paragraph D of this Order is due not later than January 30, 1997, and shall cover the period from November 1, 1996, to the end of the fourth calendar quarter, December 31, 1996.

Issued in Washington, D.C., on September 24, 1996.

  
\_\_\_\_\_  
Anthony J. Como  
Director  
Office of Coal & Electricity  
Office of Fuels Programs  
Office of Fossil Energy



**Coastal**  
The Energy People

*Correction*

via telecopy

February 27, 1997

Ms. Larine Moore  
U.S. Department of Energy  
Office of Natural Gas & Petroleum  
Import and Export Activities  
1000 Independence Avenue, S.W.  
FE-50, Room 3H-087  
Washington, D.C. 20585

RE: DOE/FE Order No. 1202, FE Docket No. 96-52-NG

Dear Ms. Moore:

This letter is to correct incorrect information provided to you by telecopied letter on January 16, 1997 regarding the above-referenced order. Coastal Gas Marketing Company ("CGM") did not commence imports authorized under Order No. 1202 on November 1, 1996, as reported earlier. It is anticipated that imports will commence on November 1, 1997. I will notify you, as required, within two weeks of the beginning of imports. Until such time, CGM will report "no activity" for that docket on its quarterly reports.

Should you have any questions, please call me at (202) 331-4665.

Truly yours,

*Susan W. Ginsberg*

Susan W. Ginsberg  
Director, Regulatory Affairs

**Coastal Gas Marketing Company**

A SUBSIDIARY OF THE COASTAL CORPORATION  
2000 M ST NW • SUITE 300 • WASHINGTON DC 20036 • 202/466-7430



January 23, 1998

Office of Fuels Programs  
Fossil Energy  
Room 3F-056  
FE-50  
Forrestal Building  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585  
Attn: Larine Moore

RE: DOE/FE Order No. 1202, FE Docket No. 96-52-NG; No. 1253, FE Docket No. 97-03-NG; and No. 1275, FE Docket No. 97-36-NG

Dear Ms. Moore:

Pursuant to ordering paragraph C of the Orders Granting Long-Term Authorization to Import Natural Gas from Canada, issued in the above-referenced dockets on September 24, 1996; February 13, 1997; and May 23, 1997, Coastal Gas Marketing Company hereby reports that the first imports of natural gas occurred on November 1, 1997. This notice should have been provided to you by November 12, 1997. However, due to administrative oversight, this notice is being provided late.

Should you have any questions, please contact me at (202) 331-4665.

Truly yours,

Susan W. Ginsberg  
Director, Regulatory Affairs

**Coastal Gas Marketing Company**

A SUBSIDIARY OF THE COASTAL CORPORATION  
2900 M ST NW - SUITE 300 - WASHINGTON DC 20036 - 202-466-7430



September 12, 2000

Mr. John Glynn  
U.S. Department of Energy  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

RE: Docket No. FE95-104-NG, Coastal Gas Marketing Company  
Docket No. FE96-52-NG, Coastal Gas Marketing Company  
Docket No. FE97-03-NG, Coastal Gas Marketing Company  
Docket No. FE97-36-NG, Coastal Gas Marketing Company  
Docket No. FE97-37-NG, Coastal Gas Marketing Company  
Docket No. FE97-48-NG, Engage Energy US, L.P.

RECORDED  
2000 SEP 11 P 3:06

Dear Mr. Glynn:

Pursuant to 10 C.F.R., Part 590.405, Engage Energy US, L.P. ("Engage") requests that the above-referenced long-term gas import authorizations be transferred from the current holder to Westcoast Gas Services Delaware (America) Inc. ("WGSIDelaware"). The authorizations granted to Coastal Gas Marketing Company were not transferred to Engage when the limited partnership was formed. However, Engage has continued to report import volumes on a quarterly basis for these dockets.

Engage is a Delaware limited partnership owned by CGM, Inc.; WGSIDelaware; and Westcoast Delaware U.S.A. WGSIDelaware is a Delaware corporation, with its principal place of business to be located in Southfield, Michigan. WGSIDelaware is a wholly-owned subsidiary of Westcoast Gas Services (America) Inc., which ultimately is owned by Westcoast Energy Inc., a major Canadian natural gas company based in Vancouver, British Columbia. Effective October 1, 2000, Engage will be transferring some of the partnership interests to WGSIDelaware. The above-referenced authorizations are part of the assets to be transferred, subject to approval from the Department of Energy.

In accordance with 10 C.F.R., Part 590, Engage is submitting a check for \$300, which represents the \$50 fee per application. Should you have any questions regarding the requested transfer, please call me at (202) 331-4665.

Truly yours,  
*Susan W. Ginsberg*  
Susan W. Ginsberg  
Director, Regulatory Affairs

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

REC'D DOE/FE  
100 21 99 P 4: 02

WESTCOAST GAS SERVICES )  
DELAWARE (AMERICA) INC. )  
(Successor to Coastal Gas Marketing Company )  
and Engage Energy US, L.P.) )

FE DOCKET NO. 96-52-NG

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

DOE/FE ORDER NO. 1202-A

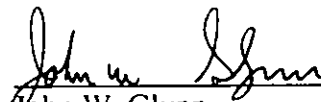
On September 24, 1996, the Office of Fossil Energy (FE) of the Department of Energy (DOE) granted long-term authorization to Coastal Gas Marketing Company (CGM) in DOE/FE Order No. 1202 <sup>1/</sup> (Order 1202) to import from Canada up to 48,300 Mcf per day of natural gas beginning on November 1, 1996, and extending through October 31, 2007.

On September 21, 2000, the Office of Fossil Energy was notified by Engage Energy US, L.P.(Engage), (successor to CGM), a Delaware limited partnership owned by CGM, Inc., Westcoast Gas Services Delaware (America) Inc. (WGS Delaware), and Westcoast Delaware U.S.A., that effective October 1, 2000, it will be transferring some of its partnership interests to WGS Delaware. Engage is requesting that the import authorization issued in Order 1202 be transferred from CGM to WGS Delaware.



Accordingly, pursuant to section 3 of the Natural Gas Act, the import authorization granted by DOE/FE Order No. 1202 is transferred from Coastal Gas Marketing Company to Westcoast Gas Services Delaware (America) Inc. All terms and conditions in Order 1202 shall remain in full force and effect.

Issued in Washington, D.C., on September 29, 2000.

  
\_\_\_\_\_  
John W. Glynn  
Manager, Natural Gas Regulation  
Office of Natural Gas & Petroleum  
Import & Export Activities  
Office of Fossil Energy



November 8, 2000

Via Courier

Office of Fuels Programs  
Fossil Energy  
U.S. Department of Energy  
Forrestal Building, Room 3F-056, FE-50  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

Attention: Mr. John Glynn, Manager, Natural Gas Regulation

Re: Name Change for the following Long-term Import Authorizations:

DOE/FE Order No. 1128 Docket No. FE 95-104 NG, WGSJ Delaware  
DOE/FE Order No. 1202 Docket No. FE 96-52 NG, WGSJ Delaware  
DOE/FE Order No. 1253 Docket No. FE 97-03 NG, WGSJ Delaware  
DOE/FE Order No. 1275 Docket No. FE 97-36 NG, WGSJ Delaware  
DOE/FE Order No. 1282 Docket No. FE 97-37 NG, WGSJ Delaware  
DOE/FE Order No. 1332 Docket No. FE 97-48 NG, WGSJ Delaware

REC'D DOE/FE  
NOV 9 9 A 10:44

Dear Mr. Glynn:

Pursuant to 10 C.F.R., Part 590.405, Engage Energy America Corp. ("Engage America") successor to Westcoast Gas Services Delaware (America) Inc. ("WGSJ Delaware"), respectfully requests that the name of the current holder of the above referenced long-term Import Authorizations be changed to the new entity, Engage Energy America Corp.

Engage America is a Delaware Corporation with its principal place of business in Southfield, Michigan. All communications and correspondence concerning the above referenced authorizations should be addressed to Ms. Josie Verellen, Engage Energy America Corp, c/o Engage Energy Canada, L.P., Suite 1100, 421 - 7<sup>th</sup> Avenue SW, Calgary, Alberta, Canada, T2P 4K9. Facsimile: (403) 269-5909.

Engage America is submitting a Cheque for US\$350.00 payable to the Treasurer of the United States, which represents the \$50 filing fee per application. If further information or documentation is required in support of this request, please contact me at (403) 297-1479.

Yours truly,

ENGAGE ENERGY AMERICA CORP.

*Josie Verellen*  
Josie M. Verellen, Engage Energy Canada, L.P.  
Regulatory Administrator

cc: Patricia French, Manager, Regulatory Affairs

Enclosure - Cheque \$350.00 US

Engage Energy America Corp. 3000 Town Center, Suite 2800, Southfield, MI 48075

Phone: (248) 304-3200 Fax: (248) 304-3242

H:\US DOE.doc\Letters\Name Change\_formerly Coastal's Orders.doc

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

RECEIVED DOE/FE  
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ENGAGE ENERGY AMERICA CORP. )  
(Successor to Westcoast Gas Services )  
Delaware (America) Inc.)

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FE DOCKET NO. 96-52-NG

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

DOE/FE ORDER NO. 1202-B

On September 24, 1996, the Office of Fossil Energy (FE) of the Department of Energy (DOE) granted long-term authorization to Coastal Gas Marketing Company (CGM) in DOE/FE Order No. 1202 <sup>1/</sup> (Order 1202) to import from Canada up to 48,300 Mcf per day of natural gas beginning on November 1, 1996, and extending through October 31, 2007.

On September 29, 2000, FE transferred the long-term import authorization granted in Order 1202 from CGM to Westcoast Gas Services Delaware (America) Inc. (WGSi).<sup>2/</sup>

On November 9, 2000, Engage Energy America Corp.(Engage America), a successor to WGSi and a Delaware corporation with its principal place of business in Southfield, Michigan, requested that FE change the name on the import authorization issued in DOE/FE Order No.1202-A to Engage America.

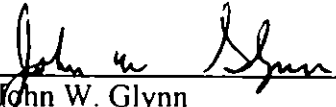
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<sup>1/</sup> 1 FE § 71,305 .

<sup>2/</sup> DOE/FE Order No.1202-A.

Accordingly, pursuant to section 3 of the Natural Gas Act, the long-term import authorization granted by DOE/FE Order No. 1202, as amended in DOE/FE Order No. 1202-A, is transferred from Westcoast Gas Services Delaware (America) Inc. to Engage Energy America Corp. All terms and conditions of Order 1202, as amended, shall remain in full force and effect.

Issued in Washington, D.C., on November 20, 2000.

  
\_\_\_\_\_  
John W. Glynn  
Manager, Natural Gas Regulation  
Office of Natural Gas & Petroleum  
Import & Export Activities  
Office of Fossil Energy



March 20, 2001

Via Courier

Office of Fuels Programs  
Fossil Energy  
U.S. Department of Energy  
Forrestal Building, Room 3F-056, FE-50  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

REC'D DOE/FE  
2001 APR 5 P 12:19

Attention: Mr. John Glynn, Manager, Natural Gas Regulation

Re: Name Change for the following 6 Long-term Import Authorizations & one Blanket:

- DOE/FE Order No. 1128 Docket No. FE 95-104 NG, Engage Energy America Corp.
  - DOE/FE Order No. 1202 Docket No. FE 96-52 NG, Engage Energy America Corp.
  - DOE/FE Order No. 1253 Docket No. FE 97-03 NG, Engage Energy America Corp.
  - DOE/FE Order No. 1275 Docket No. FE 97-36 NG, Engage Energy America Corp.
  - DOE/FE Order No. 1282 Docket No. FE 97-37 NG, Engage Energy America Corp.
  - DOE/FE Order No. 1332 Docket No. FE 97-48 NG, Engage Energy America Corp.
- Blanket: DOE/FE Order No. 1622 Docket No. FE 00-58 NG, Engage Energy America Corp.

Dear Mr. Glynn:

Pursuant to 10 C.F.R., Part 590.405, Engage Energy America L.L.C. ("**Engage America**") successor to Engage Energy America Corp. formerly Westcoast Gas Services Delaware (America) Inc., respectfully requests that the name of the current holder of the above referenced long-term Import Authorizations be changed to the new entity **Engage Energy America L.L.C.**

Engage America is a Delaware Corporation with its principal place of business in Southfield, Michigan. All communications and correspondence concerning the above referenced authorizations should be addressed to Ms. Josie Verellen, Engage Energy America L.L.C., c/o Engage Energy Canada, L.P., Suite 1100, 421 - 7<sup>th</sup> Avenue SW, Calgary, Alberta, Canada, T2P 4K9. Facsimile: (403) 269-5909.

Engage America is submitting a Cheque for US\$350.00 payable to the Treasurer of the United States, which represents the \$50 filing fee per application. If further information or documentation is required in support of this request, please contact me at (403) 297-1479.

Yours truly,

**ENGAGE ENERGY AMERICA L.L.C.**

*Josie Verell*  
Josie M. Verellen, Engage Energy Canada, L.P.  
Regulatory Administrator

cc: Patricia French, Manager, Regulatory Affairs

Enclosed - Cheque \$350.00 US

State of Delaware  
Office of the Secretary of State

PAGE 1

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THAT THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF CONVERSION OF A DELAWARE CORPORATION UNDER THE NAME OF "ENGAGE ENERGY AMERICA CORP." TO A DELAWARE LIMITED LIABILITY COMPANY, CHANGING ITS NAME FROM "ENGAGE ENERGY AMERICA CORP." TO "ENGAGE ENERGY AMERICA LLC", FILED IN THIS OFFICE ON THE TWENTY-SEVENTH DAY OF DECEMBER, A.D. 2000, AT 3 O'CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID CERTIFICATE OF CONVERSION IS THE TWENTY-NINTH DAY OF DECEMBER, A.D. 2000.



*Edward J. Freel*

Edward J. Freel, Secretary of State

2703410 8100V  
001652523

AUTHENTICATION: 0883657

STATE OF DELAWARE  
SECRETARY OF STATE  
DIVISION OF CORPORATIONS  
FILED 03:00 PM 12/27/2000  
00162523 - 2703410

**CERTIFICATE OF CONVERSION**  
**OF**  
**ENGAGE ENERGY AMERICA CORP.**  
**INTO A LIMITED LIABILITY COMPANY**  
**UNDER SECTION 18-214**  
**OF THE LIMITED LIABILITY COMPANY ACT**

Engage Energy America Corp., a Delaware corporation, hereby certifies as follows:

**FIRST:** Engage Energy America Corp. was duly formed and its original certificate of incorporation was filed with the Secretary of State of Delaware on January 7, 1997.

**SECOND:** The name of the entity prior to conversion is: Engage Energy America Corp.

**THIRD:** The name of the Delaware Limited Liability Company as set forth in its Certificate of Formation is: Engage Energy America LLC.

**FOURTH:** The effective date of the conversion to a Delaware Limited Liability Company shall be at the close of business on December 29, 2000.

IN WITNESS WHEREOF, this certificate has been subscribed this 27<sup>th</sup> day of December, 2000, by the undersigned who affirms the statements made herein are true under penalties of perjury.

ENGAGE ENERGY AMERICA CORP.

By: *David C. Unruh*  
Name: David C. Unruh  
Title: Director

State of Delaware  
Office of the Secretary of State

PAGE 2

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THAT THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "ENGAGE ENERGY AMERICA LLC" FILED IN THIS OFFICE ON THE TWENTY-SEVENTH DAY OF DECEMBER, A.D. 2000. AT 3 O'CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID CERTIFICATE OF FORMATION IS THE TWENTY-NINTH DAY OF DECEMBER, A.D. 2000.



*Edward J. Freel*  
Edward J. Freel, Secretary of State

2703410 8100V

001652323

AUTHENTICATION: 0883657



STATE OF DELAWARE  
SECRETARY OF STATE  
DIVISION OF CORPORATIONS  
FILED 03:00 PM 12/27/2000  
001652523 - 2703410

**CERTIFICATE OF FORMATION**  
**OF**  
**ENGAGE ENERGY AMERICA LLC**

This Certificate of Formation of Engage Energy America LLC (the "LLC"), dated as of December 27, 2000, is being duly executed and filed by Timothy J. McCourt, an authorized person, to form a limited liability company under the Delaware Limited Liability Company Act (6 Del. C. §18-101, et seq.).

- FIRST:** The name of the limited liability company is Engage Energy America LLC.
- SECOND:** The address of its registered office in the State of Delaware is 1209 Orange Street, Wilmington, Delaware 19801. The name of its Registered Agent at such address is The Corporation Trust Company.
- THIRD:** The effective date of this Certificate of Formation shall be at the close of business on December 29, 2000.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation as of the date first above written.

By: /s/ Timothy J. McCourt  
Timothy J. McCourt  
Authorized Person

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

APR 19 2001

ENGAGE ENERGY AMERICA L.L.C. )  
(Successor to Engage Energy America Corp.) )

FE DOCKET NO. 96-52-NG

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

DOE/FE ORDER NO. 1202-C

On September 24, 1996, the Office of Fossil Energy (FE) of the Department of Energy (DOE) granted long-term authorization to Coastal Gas Marketing Company (CGM) in DOE/FE Order No. 1202 <sup>1/</sup> (Order 1202) to import from Canada up to 48,300 Mcf per day of natural gas beginning on November 1, 1996, and extending through October 31, 2007.

On September 29, 2000, FE transferred the long-term import authorization granted in Order 1202 from CGM to Westcoast Gas Services Delaware (America) Inc. (WGSJ).<sup>2/</sup>

On November 9, 2000, FE transferred the long-term import authorization granted in Order 1202 from WGSJ to Engage Energy America Corp.<sup>3/</sup>

On April 5, 2001, Engage Energy America L.L.C., a successor to Engage Energy America Corp. and a Delaware corporation with its principal place of business in Southfield, Michigan, requested that FE change the name on the import authorization issued in Order No.1202 to Engage Energy America L.L.C.

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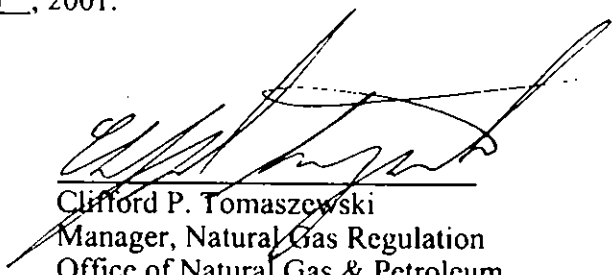
<sup>1/</sup> 1 FE ¶ 71,305.

<sup>2/</sup> DOE/FE Order No.1202-A.

<sup>3/</sup> DOE/FE Order No.1202-B.

Accordingly, pursuant to section 3 of the Natural Gas Act, the long-term import authorization granted by DOE/FE Order No. 1202, as amended in DOE/FE Order No. 1202-A and DOE/FE Order No. 1202-B, is transferred from Engage Energy America Corp. to Engage Energy America L.L.C. All terms and conditions of Order 1202, as amended, shall remain in full force and effect.

Issued in Washington, D.C., on April 19, 2001.



Clifford P. Tomaszewski  
Manager, Natural Gas Regulation  
Office of Natural Gas & Petroleum  
Import & Export Activities  
Office of Fossil Energy