

OFFICE OF FOSSIL ENERGY  
NATURAL GAS DIVISION  
DOCKET INDEX

03/28/02

FE DOCKET NO.: 97-24-NG

APPLICANT(S):

ITEM	PREPARED OR FILED BY	FILING TYPE	DESCRIPTION OF DOCUMENT	DATED	DATE FILED OR ISSUED
1	AQUILA ENERGY MARKETING CORPORATION	APPLICATION	Application Requesting Authority to Export Natural Gas to Canada & Mexico; and Authority to Vacate Order Granted in Order 474 & 474A	97-03-06	97-03-06
2	AQUILA ENERGY MARKETING CORPORATION	AMENDMENT	Application Requesting Authority to Export Natural Gas to Canada & Mexico; and Authority to Vacate Order Granted in Order 474 & 474A	97-04-28	97-04-28
3	DOE/FE	ORDER	Order 1273 Granting Blanket Authority to Export Natural Gas to Canada and Mexico	97-05-09	97-05-09

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

Aquila Energy Marketing Corporation )

Docket No. FE97-27-NG A 11: 48

**APPLICATION OF AQUILA ENERGY MARKETING CORPORATION  
FOR AUTHORIZATION TO EXPORT NATURAL GAS TO CANADA**

Pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b; Part 590 of the Regulations of the Department of Energy, Office of Fossil Energy ("FE"), and Section 201 of the Energy Policy Act of 1992, Aquila Energy Marketing Corporation ("Aquila") submits this application for an order granting blanket authorization to export up to 200 Bcf of natural gas to Canada over a two-year term beginning on the date of first delivery. In support of this application, Aquila respectfully shows as follows:

**I. IDENTITY OF THE APPLICANT**

The exact legal name of the applicant is Aquila Energy Marketing Corporation. Aquila is a Delaware corporation with its principal place of business at 2533 North 117 Avenue, Omaha, Nebraska 68164. Aquila is a wholly-owned subsidiary of Aquila Energy Corporation, which in turn is a wholly-owned subsidiary of UtiliCorp United Inc. Aquila is actively engaged in the business of buying and selling natural gas and, upon receiving the authorization requested hereunder, will export natural gas to Canada for its own account and as an agent for others.

The names and mailing addresses of persons to whom official correspondence concerning this application should be addressed are:

Mark Gurley  
Aquila Energy Marketing Corporation  
2533 North 117 Avenue  
Omaha, Nebraska 68164  
Phone: (402) 498-4523

Max J. Burbach  
Blackwell Sanders Matheny Weary & Lombardi  
8805 Indian Hills Drive, Suite 125  
Omaha, Nebraska 68114-4070  
Phone: (402) 384-5045  
Fax: (402) 384-5005  
Attorney for Aquila Energy Marketing Corporation

Aquila previously received a two-year blanket authorization to import natural gas from Canada by DOE/FE Order No. 768.<sup>1</sup> Order No. 768 authorized Aquila to import up to 200 Bcf of natural gas from Canada over a two-year term beginning on the first date of import after February 6, 1993. The authorization granted under Order No. 768 will expire September 1, 1998.

## II. RELATED U.S. REGULATORY PROCEEDINGS

Neither this request for export authorization nor any related Aquila filing is pending before any other part of DOE, including the Federal Energy Regulatory Commission, or any other federal agency or department.

## III. THE PROPOSED EXPORT ACTIVITIES

Aquila proposes to execute gas sale agreements with various U.S. and Canadian purchasers in connection with the utilization of its requested export authorization. The sale agreements will be for various terms and quantities as agreed by the parties, commensurate with Aquila's authorization to export. The agreements will be negotiated on an arms-length basis. Aquila will comply with all applicable reporting requirements relating to its exports of natural gas.

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<sup>1</sup> See *Aquila Energy Marketing Corporation*, FE Docket No. 93-06-NG (Feb. 6, 1993).  
OMAHA-27560.1

#### IV. POTENTIAL ENVIRONMENTAL IMPACT

The proposed export transactions will not require the construction of any new facilities. Consequently, granting the requested authorization would not significantly affect the quality of the human environment within the meaning of the National Environmental Policy Act, 42 U.S.C. § 4321, *et seq.* Therefore, an environmental impact statement or environmental assessment is not required.

#### V. THE STANDARD OF REVIEW

Section 3 of the NGA states that,

the importation of natural gas . . . or the exportation of natural gas 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 such importation or exportation shall be granted without modification or delay.

15 U.S.C. § 717\_\_ (c). The United States and Canada are parties to a free trade agreement of the type specified by NGA Section 3.<sup>2</sup> Accordingly, the NGA requires FE to approve Aquila's application for short-term export authority "without modification or delay."

#### VI. EXHIBIT

In support of its application, Aquila submits the following exhibit:

Exhibit A      Opinion of Counsel

#### VII. ACTION REQUESTED

Aquila requests an order granting Aquila authority to export to Canada a combined total of up to 200 Bcf of natural gas over a two-year term at any point on the United States/Canadian international boundary, commencing upon the first delivery after approval of the requested authorization. The requested authorization will enable Aquila to participate in

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<sup>2</sup> See United States-Canada Free Trade Implementation Act, Pub. L. No. 100-449, 102 Stat. 1881 (1988).  
OMAHA-27560.1

short-term or spot market natural gas transactions with Canadian customers. Aquila submits that a grant of such authorization would not be inconsistent with the public interest.

Respectfully submitted,

AQUILA ENERGY MARKETING CORPORATION

By: Max J. Burbach  
Max J. Burbach  
Blackwell Sanders Matheny Weary & Lombardi  
8805 Indian Hills Drive, Suite 125  
Omaha, NE 68114  
(402) 384-5025  
Attorney for Aquila Energy Marketing Corporation

Date: March 4, 1997

VERIFICATION

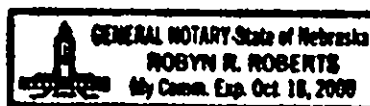
Mark Gurley, being first duly sworn, deposes and says that he is the duly authorized representative of the applicant, Aquila Energy Marketing Corporation; that he has read the foregoing document; that he is familiar with the contents thereof; and that the facts stated in this application are true and correct to the best of his knowledge, information and belief.

Mark Gurley  
Mark Gurley

SUBSCRIBED and sworn to before me, a Notary Public, this 4 day of March, 1997.

Robyn R. Roberts  
Notary Public

My Commission Expires:  
Oct. 18, 2000



LAW OFFICES

**BLACKWELL SANDERS  
MATHENY WEARY & LOMBARDI**

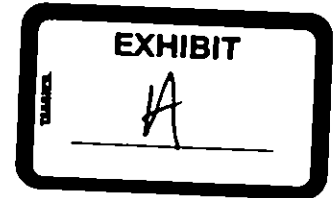
MAX J. BURBACH  
FAX: (402) 384-5005  
DIRECT: (402) 384-5045  
INTERNET: MBURBACH@BSMWL.COM

8805 INDIAN HILLS DRIVE - SUITE 125  
OMAHA, NEBRASKA 68114  
(402) 384-5000

KANSAS CITY, MISSOURI  
OVERLAND PARK, KANSAS  
SPRINGFIELD, MISSOURI  
LONDON, ENGLAND

February 28, 1997

United States Department of Energy  
Office of Natural Gas and Petroleum  
Import and Export Activities  
FE-53, Room 3H-087  
Forrestal Building  
1000 Independence Avenue, S.W.  
Washington, DC 20585



Attn: Docket Room Manager Larine Moore

RE: Application of Aquila Energy Marketing Corporation for Short-Term Authorization  
to Export Natural Gas to Canada

To Whom it May Concern:

This opinion is rendered in connection with the application of Aquila Energy Marketing Corporation ("Aquila") for authorization under Section 3 of the Natural Gas Act to export up to 200 Bcf of natural gas at various points along the Canada-United States border, for a two-year term commencing on the date of first delivery.

Based upon my understanding of the application and my examination of the relevant documents, records and matters of law, it is my opinion that the proposed export of natural gas to Canada by Aquila, as contemplated in the instant application, is within the corporate power of Aquila.

Sincerely,

A handwritten signature in cursive script that reads "Max J. Burbach".

Max J. Burbach  
Attorney for Aquila Energy Marketing Corporation

MJB/lp

OMAHA-27783.1

LAW OFFICES

**BLACKWELL SANDERS  
MATHENY WEARY & LOMBARDI**

MAX J. BURBACH  
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(402) 384-5000

KANSAS CITY, MISSOURI  
OVERLAND PARK, KANSAS  
SPRINGFIELD, MISSOURI  
LONDON, ENGLAND

March 5, 1997

United States Department of Energy  
Office of Natural Gas and Petroleum  
Import and Export Activities  
FE-53, Room 3H-087  
Forrestal Building  
1000 Independence Avenue, S.W.  
Washington, DC 20585

**VIA FEDERAL EXPRESS**

Attn: Docket Room Manager Larine Moore

RE: Application of Aquila Energy Marketing Corporation for Blanket Authorization to Export Natural Gas

Dear Sir or Madam:

Enclosed are the following:

1. An original and fifteen copies of the Application of Aquila Energy Marketing Corporation for an Order granting blanket authorization to export up to 200 Bcf of natural gas to Canada over a two-year term beginning on the date of first delivery;
2. A check payable to the United States Treasurer in the amount of \$50 for the Application; and
3. An opinion of legal counsel for Aquila Energy Marketing Corporation.

Please return two file-stamped copies to:

Max J. Burbach  
Blackwell Sanders Matheny Weary & Lombardi  
8805 Indian Hills Drive, Suite 125  
Omaha, NE 68114-4070  
Phone: (402) 384-5045

OMAHA-27775.1

REC'D ONE/FE

MAR 05 11:46

BLACKWELL SANDERS  
MATHENY WEARY & LOMBARDI

United States Department of Energy  
March 5, 1997  
Page 2

If you have any questions or require any further information, please do not hesitate to contact me at (402) 384-5045. Thank you for your assistance with this Application.

Sincerely,



Max J. Burbach

MJB/lp  
Enclosures  
cc: Mark Gurley (w/enc.)

REC'D 03/05/97  
1997 MAR -5 A 11:46



LAW OFFICES

**BLACKWELL SANDERS  
MATHENY WEARY & LOMBARDI**

MAX J. BURBACH  
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INTERNET: MBURBACH@BSMWL.COM

8805 INDIAN HILLS DRIVE - SUITE 125  
OMAHA, NEBRASKA 68114  
(402) 384-5000

REC'D DOE/EE  
1997 APR 28  
KANSAS CITY, MISSOURI  
OVERLAND PARK, KANSAS  
SPRINGFIELD, MISSOURI  
LONDON, ENGLAND

April 21, 1997

United States Department of Energy  
Office of Natural Gas and Petroleum  
Import and Export Activities  
FE-53, Room 3H-087 Forestal Building  
1000 Independence Avenue, S.W.  
Washington, DC 20585  
Attn: Frank Duchaine

RE: Amended Application of Aquila Energy Marketing Corporation  
for Blanket Authorization to Export Natural Gas/FE Docket No. 97-24-NG

Dear Mr. Duchaine:

Enclosed are an original and 15 copies of an Amended Application of Aquila Energy Marketing Corporation ("Aquila") for an Order Granting Blanket Authorization to Export up to 200 Bcf of natural gas to Canada and to Mexico, over a two-year term beginning on the date of first delivery.

The original Application was filed March 6, 1997. No action has been taken on this Application to date because Aquila needed to determine whether to keep its existing export order (Order No. 474) or cancel Order NO. 474 and add a request for export authority to Mexico to the pending Application. Accordingly, the enclosed Amendment clarifies that the pending Application is for export authorization for exports to both Mexico and Canada, and that Aquila desires to cancel the existing export authorization, under Order No. 474, Docket No. 91-00-NG, issued to Aquila on January 31, 1991.

Please return two file-stamped copies of the completed Amended Application to:

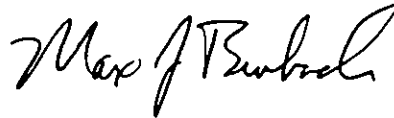
Max J. Burbach  
Blackwell Sanders Matheny Weary & Lombardi  
8805 Indian Hills Drive, Suite 125  
Omaha, NE 68114

BLACKWELL SANDERS  
MATHENY WEARY & LOMBARDI

United States Department of Energy  
April 21, 1997  
Page 2

If you have any questions or require further information, please do not hesitate to contact me at (402) 384-5045. Thank you for your assistance.

Sincerely,



Max J. Burbach

MJB/lp

Enclosures

cc: Mark Gurley (w/enc.)  
Jim Simons (w/enc.)

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

REC'D DCE/FE

Aquila Energy Marketing Corporation )

Docket No. FE97-24-NG

1997 MAR 10 A 10:11

**AMENDMENT TO APPLICATION OF  
AQUILA ENERGY MARKETING CORPORATION  
FOR AUTHORIZATION TO EXPORT NATURAL GAS  
TO CANADA AND TO MEXICO**

Aquila Energy Marketing Corporation ("Aquila"), pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b; Part 590 of the Regulations of the Department of Energy, Office of Fossil Energy ("FE"), and Section 201 of the Energy Policy Act of 1992, submits this Amendment to its Application for an Order granting blanket authorization to export up to 200 Bcf of natural gas to each of Canada and Mexico over a two-year term beginning on the date of first delivery. The original Application, a copy of which is attached hereto and incorporated herein by reference, was filed March 6, 1997.

**I. PURPOSE OF THE AMENDMENT**

The purpose of this Amendment to the Application is to:

1. Clarify that export authority is also requested for authorization to export up to 200 Bcf of natural gas to Mexico over a two-year term beginning on the date of first delivery; and
2. To cancel Order No. 474, FE Docket No. 91-00-NG, issued to Aquila on January 31, 1991.


**II. ACTION REQUESTED**

Aquila requests an Order granting Aquila authority to export to Canada and to Mexico a total of up to 200 Bcf of natural gas, for each of Canada and Mexico, over a two-year term at any point on the United States/Canadian or United States/Mexican international boundary,

as applicable, commencing on the date of first delivery after approval of the requested authorization. The requested authorization will enable Aquila to participate in short-term or spot market natural gas transactions with Canadian or Mexican customers. Aquila submits that a grant of such authorization would not be inconsistent with the public interest.

Respectfully submitted,

AQUILA ENERGY MARKETING CORPORATION

By:   
Max J. Burbach  
Blackwell Sanders Matheny Weary & Lombardi  
8805 Indian Hills Drive, Suite 125  
Omaha, NE 68114  
(402) 384-5025  
Attorney for Aquila Energy Marketing  
Corporation

Date: April 21, 1997

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

DOE/FE  
MAY 9 1997

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AQUILA ENERGY MARKETING CORPORATION )  
\_\_\_\_\_ )

FE DOCKET NO. 97-24-NG

ORDER GRANTING BLANKET AUTHORIZATION  
TO EXPORT NATURAL GAS TO CANADA  
AND MEXICO

DOE/FE ORDER NO. 1273

MAY 9, 1997

## I. DESCRIPTION OF REQUEST

On March 6, 1997, as amended April 28, 1997, Aquila Energy Marketing Corporation (Aquila) 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 blanket authorization to export to Canada up to 200 Bcf of natural gas and to export to Mexico up to 200 Bcf of natural gas, over a two-year period beginning on the date of first delivery. Aquila, a marketer of natural gas, is a Delaware corporation with its principal place of business in Omaha, Nebraska. Aquila is a wholly-owned subsidiary of Aquila Energy Corporation which is a wholly-owned subsidiary of UtiliCorp United Inc. Aquila will export for its own account and as agent for others. The requested authorization does not involve the construction of new pipeline facilities.

## II. FINDING

The application filed by Aquila has been evaluated to determine if the proposed export 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 export of natural gas to nations 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 Aquila to

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1. 15 U.S.C. § 717.b.

export natural gas to Canada and Mexico, nations with which free trade agreements are in effect, meet 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. Aquila Energy Marketing Corporation (Aquila) is authorized to export, up to 200 Bcf of natural gas to Canada and up to 200 Bcf of natural gas to Mexico over a two-year term beginning on the date of the first delivery. This natural gas may be exported any point on the borders of the United States and Canada, and between the United States and Mexico.

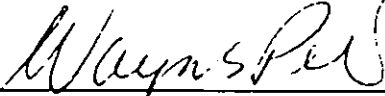
B. Within two weeks after deliveries begin, Aquila shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3F-056, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first export of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas exports authorized by this Order, Aquila shall file with the Office of Natural Gas & Petroleum Import and Export Activities, within 30 days following each calendar quarter, quarterly reports indicating whether exports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no

exports have been made, a report of "no activity" for that calendar quarter must be filed. If exports have occurred, Aquila must report monthly the following: (1) total volumes in Mcf; (2) the average purchase price of gas per MMBtu at the international border; (3) the name of the seller(s); (4) the name of the purchaser(s); (5) the estimated or actual duration of the agreement(s); (6) the name of the U.S. transporter(s); and (7) the point(s) of exit.

E. The first quarterly report required by Ordering Paragraph C of this Order is due not later than July 30, 1997, and should cover the period from the date of this Order until the end of the second calendar quarter, June 30, 1997.

Issued in Washington, D.C., on May 9, 1997.

  
\_\_\_\_\_  
Wayne E. Peters  
Manager, Natural Gas Regulation  
Office of Natural Gas & Petroleum  
Import and Export Activities  
Office of Fossil Energy