

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

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NESI ENERGY MARKETING, L.L.C.) FE DOCKET NO. 97-27-NG
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ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT AND EXPORT NATURAL GAS
FROM AND TO CANADA

DOE/FE ORDER NO. 1263

MARCH 14, 1997

I. DESCRIPTION OF REQUEST

On March 13, 1997, NESI Energy Marketing, L.L.C. (NEM) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)^{1/} and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to import from Canada up to 25,000 Mcf per day (9.125 Bcf annually) of natural gas and to export to Canada up to 25,000 Mcf per day (9.125 Bcf annually) of natural gas. The term of the requested authorization would be over a period of two years beginning on April 1, 1997. NEM is an Indiana limited liability company with its principal place of business in Merrillville, Indiana. NEM would import and export the gas under spot and short-term sales arrangements. The construction of new pipeline facilities would not be involved.

II. FINDING

The application filed by NEM has been evaluated to determine if the proposed import/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 import or export 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 is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by NEM to import and export natural gas from and to Canada, a nation with which a free trade agreement is in effect, meets the

^{1/} 15 U.S.C. § 717b.

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. Consistent with our treatment of similar blanket applications, there will be no restriction on the daily or annual volume that may be imported and exported. This maximizes the flexibility of spot market importers and exporters to provide gas supplies to meet customer demand.

ORDER

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

A. NESI Energy Marketing, L.L.C. (NEM) is authorized to import from Canada up to 18.25 Bcf of natural gas and to export to Canada up to 18.25 Bcf of natural gas over a period of two years beginning on the date of the initial delivery of either imports or exports, whichever occurs first, after March 31, 1997. This natural gas may be imported and exported at any point on the U.S./Canada border.

B. Within two weeks after deliveries begin, NEM shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first import or export of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports and exports authorized by this Order, NEM shall file with the Office of

Natural Gas & Petroleum Import and Export Activities, within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports of natural gas have been made. If no imports or exports have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports occur, NEM must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu at the international border. The reports shall also provide the details of each import and export transaction, including: (1) the name of the seller(s); (2) the name of the purchaser(s); (3) the estimated or actual duration of the agreement(s); (4) the name of the U.S. transporter(s); (5) the point(s) of entry and exit; and (6) the geographic market(s) served (for imports by State). For import transactions only, the report shall also include: (1) whether sales are being made on an interruptible or firm basis; and, if applicable, (2) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than July 30, 1997, and should cover the period from April 1, 1997, until the end of the second calendar quarter, June 30, 1997.

Issued in Washington, D.C., on March 14, 1997.

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

