UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

PANENERGY TRADING AND MARKETING SERVICES, L.L.C.	FE DOCKET NO. 97-28-NG

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

DOE/FE ORDER NO. 1266

MARCH 20, 1997

I. DESCRIPTION OF REQUEST

On March 14, 1997, PanEnergy Trading and Marketing Services, L.L.C. (PTMS) 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 authorization to import from Canada up to 8,782 MMBtu (approximately 8,782 Mcf) of natural gas per day (as adjusted for fuel, line loss, and imbalances). The term of the authorization would be for a period commencing November 1, 1997, and terminating on October 31, 2007. PTMS is a Delaware limited liability company engaged in the business of marketing natural gas and electric power. PTMS is owned by PTMSI Management, Inc., which holds a 60 percent interest, and by Mobil Natural Gas, Inc., which holds a 40 percent interest. PTMS' principal place of business is located in Houston, Texas.

PTMS proposes to purchase the natural gas from PanEnergy Marketing Limited Partnership (PanEnergy Marketing). The imported gas would be produced in the Province of Alberta and would be transported to PTMS through the pipeline facilities of Nova Gas Transmission Limited (NOVA), TransCanada PipeLines Limited (TCPL), and National Fuel Gas Supply Corporation (National Fuel). The gas would flow on NOVA to Empress,

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1/ 15 U.S.C. § 717b.

Alberta, to the interconnect with TCPL, and then across Canada on the pipeline facilities of TCPL to the interconnect of TCPL and National Fuel at Niagara Falls, New York. National Fuel will transport the gas for PTMS from the border to various markets in the northeast United States, in particular, in the New York and Boston area.

PTMS would purchase the gas supplies from PanEnergy Marketing under a contract dated August 1, 1996. The contract price to be paid to PanEnergy Marketing for the gas would be a price equal to the price for the applicable delivery month published in Gas Daily for deliveries at Niagara Falls, New York to National Fuel and Tennessee Gas Pipeline Company.

II. FINDING

The application filed by PTMS 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 import 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 PTMS 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. PanEnergy Trading and Marketing Services, L.L.C. (PTMS) is authorized to import up to 8,782 MMBtu (approximately 8,782 Mcf) of natural gas per day from Canada commencing November 1, 1997, and terminating October 31, 2007. These volumes may be adjusted from time to time for fuel, line loss, and imbalances. This natural gas shall be imported at Niagara Falls, New York under a gas sale agreement between PTMS and PanEnergy Marketing Limited Partnership dated August 1, 1996.

B. Within two weeks after deliveries begin, PTMS 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 of natural gas authorized in Ordering Paragraph A above occurred. C. With respect to the natural gas imports authorized by this Order, PTMS 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 of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, PTMS must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu delivered at the international border. In addition, PTMS shall provide a breakdown of the import volumes by showing the amounts marketed in each state.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than January 30, 1998, and should cover the period from November 1, 1997, until the end of the fourth calendar quarter, December 31, 1997.

Issued in Washington, D.C., on March 20, 1997.

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