

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

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UNITED STATES GYPSUM COMPANY ) FE DOCKET NO. 97-35-NG  
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ORDER GRANTING LONG-TERM AUTHORIZATION TO  
IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1272

MAY 6, 1997

I. DESCRIPTION OF REQUEST

On April 22, 1997, United States Gypsum Company (U.S. Gypsum) filed an application with the Office of Fossil Energy (FE) 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 from Canada up to 5,000,000 Mcf per year (approximately 13,600 Mcf per day) of natural gas for a ten-year period beginning November 1, 1998, through November 1, 2008. U.S. Gypsum is a corporation under the laws of the State of Delaware with its principal place of business in Chicago, Illinois. The imported gas would be used in the industrial facilities of U.S. Gypsum and its affiliates and for sale to others during periods when this gas is not needed in or deliverable to the manufacturing facilities of U.S. Gypsum or its affiliates.

Pursuant to the terms of a natural gas purchase and sale contract dated February 18, 1997, between U.S. Gypsum and Husky Oil Operations Ltd. (Husky), U.S. Gypsum will purchase 13,600 Mcf per day of natural gas at a price, which is to be adjusted monthly, based on a spot market price index (the "NIT Monthly Price") published in the Canadian Gas Price Reporter, plus \$0.05 (Cnd). In addition, U.S. Gypsum shall pay certain transportation costs incurred by Husky for transportation of the gas from its production facilities to Empress, Alberta.

Transportation from Empress, Alberta, to the U.S./Canada

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<sup>1/</sup> 15 U.S.C. § 717b.

border shall be obtained by U.S. Gypsum on the pipeline system of TransCanada PipeLines Limited (TCPL). U.S. Gypsum states that 10,600 Mcf per day of the imported natural gas will enter the United States at the interconnection of TransCanada PipeLines Ltd. and Tennessee Gas Pipeline Company (Tennessee) at Niagara Falls, New York. Tennessee would transport the gas to downstream transporters for eventual delivery to U.S. Gypsum or its affiliates. In addition, at Grand Island, New York, TCPL would deliver 3,000 Mcf per day of gas to the pipeline facilities of Empire Gas Pipeline, which would then transport the gas to U.S. Gypsum's industrial facilities. Depending upon its manufacturing facilities needs, U.S. Gypsum may arrange, from time-to-time, for the gas purchased from Husky to be delivered at other import locations where U.S. transportation arrangements can be made.

## II. FINDING

The application filed by U.S. Gypsum 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 U.S. Gypsum 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. United States Gypsum Company (U.S. Gypsum) is authorized to import from Canada up to 5,000,000 Mcf per year (approximately 13,600 Mcf per day) of natural gas from November 1, 1998, through November 1, 2008, under the terms and conditions of the gas purchase and sales agreement dated February 18, 1997, between U.S. Gypsum and Husky Oil Operations Ltd (Husky). This natural gas may be imported at the interconnect of TransCanada PipeLines Limited (TCPL) and Tennessee Gas Pipeline Company at Niagara Falls, New York, and the interconnect of TCPL and Empire State Pipeline at Grand Island, New York, or other border points.

B. Within two weeks after deliveries begin, U.S. Gypsum 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 import of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports authorized by

this Order, U.S. Gypsum shall file with the Office of Natural Gas & Petroleum Import and Export Activities, within 30 days following each calendar quarter, a quarterly report indicating by month the volumes and prices of natural gas imported pursuant to this Order. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, U.S. Gypsum must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu delivered at the international border and paid to Husky. The monthly price information shall itemize separately the monthly demand and commodity charges, and, if applicable, deficiency charges. U.S. Gypsum also shall provide a breakdown of the import volumes delivered to its facilities by State.

For any imported volumes sold to third parties, U.S. Gypsum shall report: (1) the name of the purchaser(s); (2) the estimated or actual duration of the agreement(s); (3) the name of the U.S. transporter(s); (4) the point(s) of entry; (5) the geographic market(s) served; and (6) whether sales are being made on an interruptible or firm basis.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than January 30, 1999, and should cover the period from November 1, 1998, through the end of the fourth calendar quarter, December 31, 1998.

Issued in Washington, D.C., on May 6, 1997.

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