

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

_____)
HOWARD ENERGY MARKETING, INC.) FE DOCKET NO. 97-49-NG
_____)

ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT AND EXPORT NATURAL GAS
FROM AND TO CANADA

DOE/FE ORDER NO. 1283

JUNE 27, 1997

—

I. DESCRIPTION OF REQUEST _____

On June 26, 1997, Howard Energy Marketing, Inc. (HEMI) 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 up to 18 billion cubic feet (Bcf) of natural gas per year from Canada and to export up to 18 Bcf of natural gas per year to Canada. The term of the authorization would be for two years beginning on the date of the first import or export delivery. HEMI, a Delaware corporation with its principal place of business in Traverse City, Michigan, is a subsidiary of Howard Energy Co., Inc., and an affiliate of H & H Star Energy, Inc., an oil and gas exploration and production company. HEMI's primary business is marketing natural gas to customers located mainly in Michigan, Wisconsin, New York, Illinois, and eastern Canada. HEMI will import and export the natural gas under spot and short-term purchase arrangements, either on its own behalf or as the agent for others. The proposed authorization does not involve the construction of new pipeline facilities.

II. FINDING _____

The application filed by HEMI has been evaluated to determine if the proposed import and 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.

1/ 15 U.S.C. 717b.

—

102-486). Under section 3(c) the import or export of natural gas from and 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 HEMI to import and export natural gas from and to 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. 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 annual volumes 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. Howard Energy Marketing, Inc. (HEMI) is authorized to import up to 36 Bcf of natural gas from Canada and to export up to 36 Bcf of natural gas to Canada over a two-year term beginning on the date of the initial import or export delivery, whichever occurs first. This natural gas may be imported or exported at any point on the border of the United States and Canada.

B. Within two weeks after deliveries begin, HEMI 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 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, HEMI 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. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports or exports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports occur, HEMI 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 October 30, 1997, and should cover the period from the date of this Order until the end of the third calendar quarter, September 30, 1997.

Issued in Washington, D.C., on June 27, 1997.

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