

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

MERCHANT ENERGY GROUP OF THE AMERICAS, INC.

FE DOCKET NO. 98-44-NG

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

DOE/FE ORDER NO. 1393

JUNE 26, 1998

I. DESCRIPTION OF REQUEST

On June 23, 1998, Merchant Energy Group of the Americas, Inc. (MEGA) 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 and export up to a combined total of 400 billion cubic feet (Bcf) of natural gas from and to Canada over a two-year term beginning on the date of the first import or export delivery. MEGA is a Delaware corporation, with its principal place of business in Annapolis, Maryland. MEGA is a wholly-owned subsidiary of Gener S.A. and Gener Argentina. MEGA will be engaged in the business of purchasing natural gas from various Canadian gas producers, and reselling that gas throughout the United States. MEGA will import and export the natural gas under spot and short-term purchase arrangements, as a broker or agent on behalf of the U.S. and Canadian suppliers. The requested authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by MEGA 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. 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 MEGA 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.

ORDER

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

- A. Merchant Energy Group of the Americas, Inc. (MEGA) is authorized to import and export up to a combined total of 400 Bcf of natural gas from and to Canada over a two-year term beginning on the date of the first import or export delivery. 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, MEGA shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3E-042, 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, MEGA shall file with 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 have occurred, MEGA must report the following: (1) total monthly 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 United States transporter(s); (7) the point(s) of entry or exit; (8) 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, 1998, and should cover the period from the date of this Order, until the end of the second calendar quarter, June 30, 1998.

Issued in Washington, D.C., on June 26, 1998.

John W. Glynn

Manager, Natural Gas Regulation

Office of Natural Gas & Petroleum

Import and Export Activities

Office of Fossil Energy

1. 1/ 15 U.S.C. § 717b.