

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

ENGAGE ENERGY US, L.P.

FE DOCKET NO. 98-53-NG

FE DOCKET NO. 96-90-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT AND EXPORT NATURAL GAS FROM AND TO
CANADA AND MEXICO, AND VACATING PRIOR AUTHORIZATION

DOE/FE ORDER NO. 1401

JULY 10, 1998

I. DESCRIPTION OF REQUEST

On July 7, 1998, Engage Energy US, L.P. (Engage) 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, requesting blanket authorization to import up to 600 billion cubic feet (Bcf) of natural gas from Canada and/or Mexico, and to export up to 150 Bcf of natural gas to Canada and/or Mexico. The term of the authorization would be for a period of two years beginning on July 12, 1998⁽²⁾, through July 11, 2000. This gas would be imported and exported under short-term and spot market transactions either on Engage's own behalf or as the agent for others. The requested authorization does not involve the construction of new pipeline facilities.

Engage, a Delaware limited partnership with its principal office in Houston, Texas, is a marketer of natural gas, electricity, and energy services. Engage was created by consolidation of substantially all of the assets of Coastal Gas Marketing Company (Coastal) and Westcoast Gas Services, Inc.(Westcoast). Prior to this consolidation, Coastal and Westcoast formed a limited partnership, given the interim name Newco US, L.P., which is authorized by DOE/FE Order No. 1230, as amended by DOE/FE Order No. 1230-A (1 FE ¶71,344 and 1 FE ¶ 71,394, respectively), to import and export natural gas.⁽³⁾ Engage requests DOE to vacate Order 1230 since the proposed authorization would replace this authorization.

II. FINDING

The application filed by Engage 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 Engage to import and export natural gas from and to Canada and Mexico, nations with which free trade agreements are 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. Engage Energy US, L.P. (Engage) is authorized to import up to 600 Bcf of natural gas from Canada and/or Mexico, and to export up to 150 Bcf of natural gas to Canada and/or Mexico. The term of this authorization is for a period of two years beginning on July 12, 1998, through July 11, 2000. This natural gas may be imported or exported at any point on the borders between the United States and Canada, and between the United States and Mexico.

B. With respect to the imports and exports authorized by this Order, Engage 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 have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, Engage must report the following: (1) total monthly volumes in Mcf; (2) the average monthly 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 U.S. transporter(s); (7) the point(s) of entry or exit; and (8) the geographic market(s) served (for imports, by State). For import transactions only, the reports also shall 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.

C. Quarterly reports shall be filed with the Office of Natural Gas & Petroleum Import and Export Activities, Fossil

Energy, Room 3E-042, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585.

D. The first quarterly report required by Ordering Paragraph B of this Order is due not later than October 30, 1998, and should cover the period from July 12, 1998, until the end of the third calendar quarter, September 30, 1998.

E. The authorization to import and export natural gas granted in DOE/FE Order 1230, as amended by DOE/FE Order 1230-A, is hereby vacated.

Issued in Washington, D.C., on July 10, 1998.

John W. Glynn

Manager, Natural Gas Regulation

Office of Natural Gas & Petroleum

Import and Export Activities

Office of Fossil Energy

1. / 15 U.S.C. §717b.

2. / July 11, 1998, is the expiration date of the current blanket import and export authorization granted Coastal Gas Marketing Company by DOE/FE Order No. 1183, issued July 10, 1996 (1 FE ¶ 71,280), under which Engage has been operating.

3. / No imports or exports have been reported under this authorization.