

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

UPSTATE ENERGY INC.

FE DOCKET NO. 98-57-NG

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

DOE/FE ORDER NO. 1407

AUGUST 18, 1998

I. DESCRIPTION OF REQUEST

On August 3, 1998, Upstate Energy Inc. (Upstate Energy) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA), [\(U\)](#) and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting blanket authorization to import and export up to a combined total of 73 billion cubic feet (Bcf) of natural gas from and to Canada and Mexico. Upstate Energy is a New York corporation with its principal place of business in Buffalo, New York, and is a wholly owned subsidiary of National Fuel Gas Company. The term of the authorization would be for a period of two years beginning on the date of first import or export delivery. This gas would be imported and exported under short-term and spot market agreements, either on its own behalf or as the agent for others. The requested authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by Upstate Energy 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 Upstate Energy 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. Upstate Energy Inc. (Upstate Energy) is authorized to import and export a combined total of up to 73 Bcf of natural gas from and to Canada and Mexico. The term of this authorization is for a period of two years beginning on the date of first import or export delivery. 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. Within two weeks after deliveries begin, Upstate Energy shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities of the date that the first import or export delivery of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the imports and exports authorized by this Order, Upstate Energy 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, Upstate Energy 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.

D. The reporting requirements described in Ordering Paragraphs B and C of this Order shall be filed with 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.

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

Issued in Washington, D.C., on August 18, 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.