

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

SOUTHERN COMPANY ENERGY MARKETING L.P.

FE DOCKET NO. 98-59-NG

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

DOE/FE ORDER NO. 1408

AUGUST 27, 1998

## I. DESCRIPTION OF REQUEST

On August 20, 1998, Southern Company Energy Marketing L.P. (SCEM) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act<sup>(1)</sup> (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to import and export up to a combined total of 7.3 trillion cubic feet of natural gas from and to Canada over a two-year term. SCEM is a Delaware limited partnership created as a joint venture between Vastar Resources, Inc. (Vastar) and Southern Energy, Inc. (Southern Energy) for the purpose of marketing natural gas, electricity and other energy commodities. Southern Energy is a wholly-owned subsidiary of The Southern Company, a registered holding company, and Vastar is a producer of petroleum. SCEM's principal place of business is in Atlanta, Georgia. SCEM will import and export the proposed gas under spot and short-term purchase arrangements, 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 SCEM has been evaluated to determine if the proposed import/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 SCEM 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. Southern Company Energy Marketing L.P. (SCEM) is authorized to import and export up to a combined total of 7.3 trillion cubic feet of natural gas from and to Canada over a two-year term beginning on the date of first import or export delivery, whichever occurs first. This natural gas may be imported and exported at any United States/Canada border point.

B. Within two weeks after deliveries begin, SCEM shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities 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, SCEM 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. 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, SCEM must report the following: (1) total monthly volumes in Mcf; (2) the average monthly 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 and exit; and (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 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.

E. The notification and reports required by 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.

Issued in Washington, D.C., on August 27, 1998.

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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.