

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

UNION PACIFIC FUELS, INC.

FE DOCKET NO. 98-92-NG

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

DOE/FE ORDER NO. 1444

DECEMBER 17, 1998

I. DESCRIPTION OF REQUEST

On November 20, 1998, as amended on December 11, 1998, Union Pacific Fuels, Inc. (UPFI) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act⁽¹⁾ (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to import and export up to a combined total of 200 billion cubic feet of natural gas from and to Canada and Mexico. UPFI requests that the authorization be granted for two years beginning on January 1, 1999.⁽²⁾ UPFI, a marketer of natural gas, is a closed corporation organized and existing under the laws of the State of Delaware with its principal place of business in Fort Worth, Texas. UPFI is a wholly-owned subsidiary of Union Pacific Resources Company, which is a wholly-owned subsidiary of Union Pacific Resources Group Inc. UPFI intends to import and export the gas 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 UPFI 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 UPFI 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. Union Pacific Fuels, Inc. (UPFI) is authorized to import and export up to a combined total of 200 billion cubic feet natural gas from and to Canada and Mexico over a two-year term beginning on January 1, 1999, and ending on December 31, 2000. This natural gas may be imported and exported at any United States border point.

B. With respect to the natural gas imports and exports authorized by this Order, UPFI 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, UPFI 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.

C. The first quarterly report required by Ordering Paragraph B of this Order is due not later than April 30, 1999, and should cover the period from January 1, 1999, until the end of the first calendar quarter, March 31, 1999.

D. The quarterly reports required by Ordering Paragraph B 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 December 17, 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.

2. 2/ December 31, 1998, is the expiration date of UPFI's existing blanket import/export authorization granted by DOE/FE Order No. 1234 on December 24, 1996 (1 FE ¶ 71,348).