

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

KN MARKETING, L.P.

FE DOCKET NO. 98-96-NG

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

DOE/FE ORDER NO. 1446

DECEMBER 17, 1998

## I. DESCRIPTION OF REQUEST

On December 1, 1998, KN Marketing, L.P. (KNMLP) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),<sup>(1)</sup> and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting blanket authorization to import up to 1 trillion cubic feet (Tcf) of natural gas from Canada and Mexico and to export up to 1 Tcf of natural gas to Canada and Mexico. KNMLP, a marketer of natural gas, is a subsidiary of KN Energy, Inc. and a Colorado corporation with its principal place of business in Houston, Texas. 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 transactions 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 KNMLP 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 KNMLP 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. KN Marketing, L.P. (KNMLP) is authorized to import up to 1 Tcf of natural gas from Canada and Mexico and to export up to 1 Tcf of natural gas to Canada and Mexico. The term of this authorization is for a period of two years commencing with 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, KNMLP 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, KNMLP 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, KNMLP 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 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.
- E. The first quarterly report required by Ordering Paragraph C of this Order is due not later than January 30, 1999, and should cover the period from the date of this Order, until the end of the fourth calendar quarter, December 31, 1998.

Issued in Washington, D.C., on December 17, 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. 15 U.S.C. § 717b.