

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

)
PROGAS U.S.A., INC.)
_____)

FE DOCKET NO. 96-60-NG

ORDER AMENDING LONG-TERM AUTHORIZATION TO
IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1197-B

I. DESCRIPTION OF REQUEST

On April 4, 1999, ProGas U.S.A., Inc. (ProGas U.S.A.) filed an application with the Office of Fossil Energy (FE) 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, to amend its long-term import authorization granted in DOE/FE Order No. 1197 (Order 1197), as amended by DOE/FE Order No. 1197-A (Order 1197-A).^{2/} On July 1, 1998, ProGas U.S.A. amended a natural gas sales contract with the City of Perham, Minnesota (Perham)^{3/} dated November 1, 1992, as amended, to increase the maximum daily volume of Canadian imports sold pursuant to the contract by 254 MMBtu,^{4/} plus gas required for transportation. ProGas U.S.A. requests from

1/ 15 U.S.C. § 717b.

2/ 1 FE ¶ 71,299 and 1 FE ¶ 71,309 dated September 16, 1996 and October 16, 1996, respectively.

3/ Perham is a municipal corporation with offices in Perham, Minnesota.

4/ One MMBtu is equal to approximately one Mcf of natural gas.

DOE an equivalent increase to the maximum daily quantities of natural gas it is authorized to import under Order 1197, as amended.

ProGas U.S.A., a Delaware corporation with its principal place of business in Calgary, Alberta, Canada, is beneficially owned by ProGas Limited, a private Canadian corporation. ProGas U.S.A. purchases natural gas primarily from ProGas Limited and resells the supplies directly to end-users and others throughout the United States.

Order 1197, as amended, authorizes ProGas U.S.A. to import up to 2,309 Mcf per day of natural gas purchased from ProGas Limited, plus gas required for transportation, through October 31, 2012, for sale to Perham.^{5/} TransCanada PipeLines Ltd., transports the gas in Canada to its interconnection with Viking Gas Transmission Company (Viking) at the international border near Emerson, Manitoba/Noyes, Minnesota, where the gas is immediately sold by ProGas U.S.A. to Perham after entering the United States. The gas is then transported by Viking using Perham's capacity. ProGas U.S.A. would like to increase the import ceiling under Order 1197, as amended, by 254 MMBtu per day, plus gas for transportation, for the period June 1, 1999 through October 31, 2012.

II. FINDING

The application filed by ProGas U.S.A. has been evaluated to determine if the proposed import arrangement meets the public interest requirement of section 3 of the NGA, as amended by

^{5/} Order 1197 authorized ProGas U.S.A. to import up to 10,309 Mcf per day of natural gas through October 31, 2002, for Perham under the terms of the November 1, 1992, natural gas sales agreement between ProGas U.S.A. and Perham, as amended November 7, 1995. Order 1197-A extended the term of the imports by 10 years through October 31, 2012, reducing the level of imports from 10,309 Mcf per day (requested inadvertently) to 1,309 Mcf per day, and adding 1,000 Mcf per day (plus gas for transportation) as proposed by ProGas U.S.A. under the terms of the amending agreement between ProGas U.S.A. and Perham, dated September 6, 1996. Both the sale and transportation remained the same.

section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), the import of natural gas from 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 proposal by ProGas U.S.A. to amend its long-term authorization to import natural gas from 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.

ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that DOE/FE Order No. 1197 (Order 1197), as amended, is again amended to increase the volumes of Canadian natural gas ProGas U.S.A., Inc. is authorized to import from 2,309 mcf per day to up to 2,563 Mcf per day, plus gas required for transportation, for the period June 1, 1999, through October 31, 2012. All terms and conditions in Order 1197, as amended, remain in full force and effect.

Issued in Washington, D.C., on April 20, 1999.

Glynn _____

Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy

John W.