

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

EL PASO MERCHANT ENERGY-GAS, L.P.

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FE DOCKET NO. 99-109-NG

ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1562

DECEMBER 29, 1999

I. DESCRIPTION OF REQUEST

On December 16, 1999, El Paso Merchant Energy–Gas, L.P. (El Paso)^{1/} filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),^{2/} and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to import up to 400 billion cubic feet of natural gas from Canada for a period of two years commencing on the date of the first delivery after December 31, 1999.^{3/} El Paso is a limited partnership organized and existing under the laws of the State of Delaware, and is a wholly-owned indirect subsidiary of El Paso Energy Corporation. El Paso’s principal place of business is Houston, Texas. El Paso will import the gas under short-term and spot market arrangements. The requested authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by El Paso has been evaluated to determine if the proposed import 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 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

^{1/} As of December 1, 1999, El Paso Energy Marketing Company changed its name to El Paso Merchant Energy–Gas, L.P. Also as of December 1, 1999, Sonat Marketing Company L.P. (Sonat) was merged into El Paso Merchant Energy–Gas, L.P. Sonat’s parent company, Sonat Inc., merged with El Paso Energy Corporation on October 25, 1999.

^{2/} 15 U.S.C. § 717b.

^{3/} December 31, 1999, is the expiration date of El Paso’s current import authorization granted by DOE/FE Order No. 1350 on January 9, 1998 (1 FE ¶ 71,513).

granted without modification or delay. The authorization sought by El Paso 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. 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. El Paso Merchant Energy–Gas, L.P. (El Paso) is authorized to import up to 400 billion cubic feet of natural gas from Canada over a period of two years commencing on the date of the first delivery after December 31, 1999. This natural gas may be imported at any point on the international border between the United States and Canada.

B. Within two weeks after deliveries begin, El Paso shall provide written notification to the Office of Natural Gas & Petroleum Import & Export Activities of the date that the first import of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports authorized by this Order, El Paso shall file with the Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, reports indicating whether imports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, El Paso must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu at the international border. The reports shall also provide the details of each import transaction, including: (1) the name of the seller(s); (2) the name of the purchaser(s); (3) the estimated or actual duration of the agreement(s); (4) the name of the United States

transporter(s); (5) the point(s) of entry; (6) the geographic market(s) served (by state); (7) whether sales are being made on an interruptible or firm basis; and, if applicable, (8) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

[OMB No.: 1901-0294]

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than April 30, 2000, and should cover the period from the date of this Order until the end of the first calendar quarter, March 31, 2000.

E. The notification and quarterly reports required by Ordering Paragraphs B and C of this Order shall be filed with the Office of Natural Gas & Petroleum Import & 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 29, 1999.

John W. Glynn
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy