

**UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY**

SIERRA PRODUCTION COMPANY)
_____)

FE DOCKET NO. 01-38-NG

**ORDER GRANTING LONG-TERM AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA**

DOE/FE ORDER NO. 1703

AUGUST 10, 2001

I. DESCRIPTION OF REQUEST

On July 27, 2001, Sierra Production Company (Sierra) filed an application with the Office of Fossil Energy 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, for authorization to import up to 5,000 Mcf per day of Canadian natural gas from the Province of Alberta.^{2/} Sierra requests import authority for 15 years beginning on the date of the first delivery. Sierra is a Nevada corporation with its principal place of business in Shelby, Montana. The gas will be imported from a well Sierra owns near the Alberta/Montana border and sold to MCW Transmission, LP. (MCW). MCW owns a gathering and compression system in northern Toole County, Montana. MCW will resell this gas to The Montana Power Company (Montana Power), who in turn will transport and distribute it to its residential and commercial customers in Montana.

The arrangement between Sierra and MCW initially is for five years and will continue from year to year unless either party terminates it. Under their *Wellhead Gas Purchase Contract*, effective May 1, 2001, Sierra's sales price will be adjusted based on the price MCW charges for gas deliveries to Montana Power or others. To carry the gas, Sierra proposes to lay a 1.5- mile pipeline from its well site across the International Boundary where it will connect to MCW's pipeline facilities. The new pipeline will require about one month to build. Sierra will initiate construction when it receives all necessary permits from U.S. Government authorities.

II. FINDING

The application filed by Sierra 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

^{1/} 15 U.S.C. § 717b.

^{2/} On August 7, 2001, Sierra filed a gas sales contract and supplementary information.

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 authorization sought by Sierra 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:

A. Sierra Production Company (Sierra) is granted authority to import up to 5,000 Mcf per day of natural gas from Alberta, Canada, across the International Border by pipeline into Toole County, Montana. This gas, which subsequently will be sold to MCW Transmission, LP. (MCW), under a *Wellhead Gas Purchase Contract* effective May 1, 2001, is authorized to be imported for up to 15 years beginning on the date of first delivery.

B. Within two weeks after deliveries begin, Sierra will provide written notification of the date that the first import of natural gas authorized in Ordering Paragraph A occurred. In addition, Sierra will provide timely notice if its sales arrangement with MCW terminates before this authorization expires.

C. With respect to the natural gas imports authorized by this Order, Sierra will 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, WGC must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu at the international border. The reports will also provide the following details of each import transaction: (1) the name of the seller; (2) the name of the purchaser; (3) the estimated or actual duration of the agreement; (4) the name of the United States transporter; (5) the point of entry; and (6) the geographic market served (State). [OMB NO.: 1901-0294]

D. The notices and reports required by Ordering Paragraphs B and C of this Order will be filed with the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, Room 3E-042, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585.

F. The first quarterly report required by Ordering Paragraph C of this Order is due not later than October 30, 2001, and should cover the period from the date of this Order until the end of the third calendar quarter, September 30, 2001.

Issued in Washington, D.C., on August 10, 2001.

Clifford P. Tomaszewski
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Office of Natural Gas & Petroleum
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