

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

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PANCANADIAN ENERGY SERVICES, INC.)) **F E DOCKET NO. 01-58-NG**
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**ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT AND EXPORT NATURAL GAS FROM AND TO CANADA
AND MEXICO AND TO IMPORT LNG FROM ANY COUNTRY**

DOE/FE ORDER NO. 1719

OCTOBER 16, 2001

I. DESCRIPTION OF REQUEST

On October 9, 2001, PanCanadian Energy Services, Inc. (the “Applicant”) applied to 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, for authority to import and export natural gas (vapor) by pipeline and liquefied natural gas (LNG) by ship. The Applicant, a Delaware corporation which has its headquarters in Calgary, Alberta, Canada, is a natural resources company with oil and gas interests in the United States and Canada. It is a wholly-owned subsidiary of PanCanadian Petroleum Limited, a major producer of hydrocarbons in western Canada.

In an order issued October 28, 1999, the Applicant received a two-year, blanket authorization to import and export a combined total of 250 billion cubic feet (Bcf) of natural gas by pipeline from and to Canada.^{2/} On April 19, 2000, FE issued a second order amending the Applicant’s prior authority by: (1) permitting pipeline imports and exports of natural gas from and to Mexico; (2) increasing the aggregate volume to 500 Bcf for the remaining term of the authorization, which expires October 31, 2001; and (3) permitting imports of LNG by ocean tanker from any country.^{3/} The Applicant was authorized to conduct business either on its own behalf or as the agent for others. Granting a new authorization will enable the Applicant to continue importing and exporting the same combined quantity of 500 Bcf of natural gas and LNG for two more years beginning November 1, 2001, under identical conditions. The proposed imports and exports involve no new construction or expansion of pipeline or LNG facilities.

^{1/} 15 U.S.C. § 717b.

^{2/} See DOE/FE Order No. 1536 (2 FE ¶ 70,404).

^{3/} See DOE/FE Order No. 1536-A (2 FE ¶ 70,478).

II. FINDING

This application 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 importation and exportation 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, and the importation of LNG, is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by the Applicant to import and export natural gas from and to Canada and Mexico, nations with which free trade agreements are in effect, and to import LNG from any country, meets the section 3(c) criterion and, therefore, is consistent with the public interest. This blanket order authorizes transactions under supply contracts with terms of no longer than two years.

ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. PanCanadian Energy Services, Inc. (the Applicant”) is authorized to import and export natural gas from and to Canada and Mexico, and to import LNG from any foreign source over a two-year term beginning on November 1, 2001, and extending through October 31, 2003. The combined total of all natural gas imports and exports, including imported LNG, will not exceed 500 Bcf. The natural gas may be imported and exported by pipeline at any international border crossing point. Imports by ship may be delivered to any existing LNG terminal in the United States.

B. With respect to the natural gas imports and exports, including LNG, authorized by this Order, the Applicant will file with the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, within 30 days following each calendar quarter, reports indicating whether imports or exports of natural gas or LNG have been made. 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, the

Applicant must report total monthly volumes in Mcf and the average purchase price per million British thermal units (MMBtu) at the international border. The reports will provide, by month, the following details of each import and export transaction: (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 U.S. transporter(s); (5) the point(s) of entry and the geographic market(s) served (for imports by State). For import transactions only, the reports will also include the following information: (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. LNG will be reported in both Mcf and MMBtu. In addition to the specific information required for all imports, LNG transactions will include the name(s) of the LNG tanker(s) used and the average landed cost per MMBtu at the point(s) of import. [OMB No.: 1901-0294]

C. The first quarterly report required by Ordering Paragraph B of this Order is due not later than January 30, 2002, and should cover the period from November 1, 2001, until the end of the fourth calendar quarter, December 31, 2001.

D. The quarterly reports required by Ordering Paragraph B of this Order will 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 October 16, 2001.

Thomas W. Dukes
Acting Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy