

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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DOE/OFE/NGR

PETROCOM ENERGY GROUP, LTD.)
_____)

FE DOCKET NO. 02-03-NG

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

DOE/FE ORDER NO. 1755

FEBRUARY 13, 2002

I. DESCRIPTION OF REQUEST

On February 8, 2002, Petrocom Energy Group, Ltd. (Petrocom) 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 from and to Canada and Mexico. Petrocom has its headquarters in Houston, Texas. It seeks a two-year, blanket authorization to import up 100,000 Mcf per day of gas to Canada and 100,000 Mcf per day of gas to Mexico. In addition, Petrocom requests authorization to export up to 100,000 Mcf per day to Canada and 100,000 Mcf per day to Mexico. This natural gas will be imported and exported under short-term and spot market transactions with contractual provisions that will be competitive and responsive to prevailing market conditions. Petrocom will carry on these arrangements either on its own behalf or as an agent for others.

Two years ago, Petrocom received broad-based, blanket authority in DOE/FE Order No. 1566 to import up to two Bcf of natural gas from Canada and up to one Bcf of natural from Mexico, and to export up to one Bcf of natural gas to Canada and one Bcf of natural gas to Mexico.^{2/} The term of that authorization expires February 13, 2002. Granting a new authorization will enable Petrocom to continue importing and exporting natural gas two more years beginning February 14, 2002, under identical conditions. The proposed imports and exports involve no new pipeline construction or expansion.

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

^{1/} 15 U.S.C. § 717b.

^{2/} 2 FE ¶ 70,455 (February 1, 2000).

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 is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Petrocom 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 order authorizes transactions under supply contracts with terms of no longer than two years. Consistent with FE's policy regarding blanket authorizations, there will be no restriction on the daily volume of gas that may be imported and exported

ORDER

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

A. Petrocom Energy Group, Ltd. (Petrocom) is authorized to import up to 7.3 Bcf of natural gas from Canada and up to 7.3 Bcf from Mexico, and to export up to 7.3 Bcf of natural gas to Canada and up to 7.3 Bcf to Mexico. This authorization is for two years beginning February 14, 2002, and extending through February 13, 2004. The natural gas may be imported and exported by pipeline at any international border crossing point.

B. With respect to the natural gas imports and exports authorized by this Order, Petrocom 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 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, Petrocom must report total monthly volumes in Mcf and the average purchase price per 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 exit; and (6) the geographic market(s) served (for imports, by State). For import transactions only, the report will also include this additional 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. [OMB No.: 1901-0294]

C. The first quarterly report required by Ordering Paragraph B is due not later than April 30, 2002, and should cover the period from February 14, 2002, until the end of the first calendar quarter, March 31, 2002.

D. The quarterly reports 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 February 13, 2002.



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