

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

DISTRIBUIDORA de GAS NATURAL)
de MEXICALI)
_____)

FE DOCKET NO. 02-08-NG

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

DOE/FE ORDER NO. 1759

MARCH 13, 2002

I. DESCRIPTION OF REQUEST

On March 4, 2002, Distribuidora de Gas Natural de Mexicali (DGN) applied 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, for blanket authority to import up to 18.3 billion cubic feet (Bcf) of natural gas from Canada and to export up to 18.3 Bcf of Canadian or U.S. natural gas to Mexico. This authorization will be for two years from July 31, 2001, and extending through July 30, 2003.^{2/} DGN is a limited liability partnership incorporated in Mexicali, Baja California, Mexico. It currently operates a distribution system in Mexicali which serves approximately 13,100 industrial, commercial, and residential customers. DGN interconnects with the pipeline facilities of Southern California Gas Company at the international boundary within the city limits of Mexicali.

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. DGN will carry out these arrangements either on its own behalf or as an agent for others in order to supply its distribution customers. The proposed imports and exports involve no new construction or expansion of pipeline facilities.

II. FINDING

The application filed by DGN has been evaluated to determine if the proposed import/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 import or export 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 DGN to import natural gas from Canada and to export natural gas to Mexico, nations with which free trade agreements are in effect, meets the

^{1/} 15 U.S.C. § 717.b.

^{2/} In DOE/FE Oder No. 1490 issued June 11, 1999, DGN received identical, broad-based, blanket authority which expired July 30, 2001(2 FE ¶ 70,346). DGN inadvertently failed to file for new import and export authority in a timely manner. However, since DGN continued reporting to FE the details of each import and export transaction it entered into after July 30, 2001, we are granting this authorization effective July 31, 2001.

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. Distribuidora de Gas Natural de Mexicali (DGN) is authorized to import up to 18.3 Bcf of natural gas from Canada and to export up to 18.3 Bcf of natural gas to Mexico beginning on July 31, 2001, and extending through July 30, 2003. This natural gas may be imported and exported at any international border crossing point.

B. With respect to the natural gas imports and exports authorized by this Order, DGN will file with the Office of Natural Gas & Petroleum Import & Export Activities within 30 days following each calendar quarter, reports indicating whether imports or exports of natural gas have been made during that quarter. If no imports or exports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, DGN must report the following information: (1) total monthly volumes in Mcf; (2) the average monthly purchase price of gas per MMBtu at the international border; (3) the name of the seller(s); (4) the name of the purchaser(s); (5) the estimated or actual duration of the agreement(s); (6) the name of the U.S. transporter(s); (7) the point(s) of entry and exit; and (8) the geographic market(s) served (for imports, by State). For import transactions only, the report will also include the following: (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 January 1, 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 March 13, 2002.

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