UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

CHEVRON U.S.A. INC	)	**FE DOCKET NO. 02-38-NG**

ORDER GRANTING BLANKET AUTHORIZATION TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1785

JUNE 04, 2002

I. DESCRIPTION OF REQUEST

On May 30, 2002, Chevron U.S.A. Inc. (Chevron) filed with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)[1/], for blanket-type authority to import up to 18 billion cubic feet (Bcf) of natural gas from Canada. The authorization will be for two years beginning July 1, 2002, and extending through June 30, 2004. Chevron is a Pennsylvania corporation with its headquarters in San Francisco, California. It is a wholly-owned subsidiary of ChevronTexaco Corporation (ChevronTexaco).[2/]

This natural gas will be supplied by Chevron's affiliate, Chevron Canada Resources (Chevron Canada) and by other individual producers, producer groups and associations, or pipeline companies that sell natural gas in Canada. Chevron Canada also is a wholly-owned subsidiary of ChevronTexaco. The gas primarily will be supplied by Chevron Canada from sources in the Provinces of Alberta and British Columbia. It will be imported under short-term and spot market arrangements and resold to industrial customers, natural gas distributors, and marketing companies in the United States, either directly by Chevron or on behalf of suppliers and purchasers for whom Chevron will act as agent. The requested authorization does not involve the construction of new pipeline facilities.

Two years ago, Chevron was authorized by FE to import and sell an identical quantity of natural gas on a short-term, blanket basis. The current authorization expires June 30, 2002.[3/] Granting a new authorization enables Chevron to continue those arrangements for two more years under the same conditions. Once again, each sales and purchase transaction will be freely negotiated and structured to provide for a market-based price.

1/ 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary of Fossil Energy pursuant to Redelegation Order No. 00-002.04 (January 8, 2002).

2/ ChevronTexaco ranks among the world's largest global energy companies and is the second largest U.S. integrated oil company.

3/ *See* DOE/FE Order No. 1591 issued May 10, 2000 (2 FE ¶ 70,485).

II. FINDING

The application filed by Chevron 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 importation 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 granted without modification or delay. The authorization sought by Chevron 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. Chevron U.S.A. Inc. (Chevron) is authorized to import up to 18 Bcf of natural gas from Canada beginning on July 1, 2002, and extending through June 30, 2004. This natural gas may be imported at any point on the international border between the United States and Canada.

B. With respect to the natural gas imports authorized by this Order, Chevron 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 have been made, a report of "no activity" for that calendar quarter must be filed. If imports occur, Chevron must report total monthly volumes in Mcf and the average purchase price per MMBtu at the international border. The reports will 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 U.S. 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]

C. The 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, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585.

D. The first quarterly report required by Ordering Paragraph B is due not later than October 30, 2002, and should cover the period from July 1, 2002 until the end of the third calendar quarter, September 30, 2002.

Issued in Washington, D.C., on June 04, 2002.

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Clifford P. Tomaszewski
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy