

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

UNITED STATES GYPSUM COMPANY)
_____)

FE DOCKET NO. 02-41-NG

**ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA**

DOE/FE ORDER NO. 1786

JUNE 5, 2002

DESCRIPTION OF REQUEST

On June 3, 2002, United States Gypsum Company (U.S. Gypsum) applied to the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA),^{1/} for blanket-type authorization to import natural gas from Canada for two years, effective November 1, 2001, and extending through October 31, 2003. The amount involved would not exceed 3,650,000 million British thermal units (MMBtu) annually, which is the volumetric equivalent of 3.65 billion cubic feet (Bcf).^{2/} This natural gas will be imported from various Canadian suppliers under short-term and spot market transactions with contractual provisions that will be competitive and responsive to prevailing market conditions.

U.S. Gypsum is a manufacturer of wallboard and other products with plants in more than 20 states. Its headquarters is in Chicago, Illinois. The imported gas would be used either by U.S. Gypsum for fuel and space heating in its manufacturing plants or to operate the facilities of its affiliates. If there are any volumes that exceed U.S. Gypsum's requirements, it may resell them in the short-term and spot markets for natural gas supplies.

In DOE/FE Order No. 1534 (Order 1534) issued October 28, 1999, U.S. Gypsum received similar authority which extended from November 1, 1999, through October 31, 2001.^{3/} Granting a new authorization will enable U.S. Gypsum to continue importing natural gas for two more years under the same conditions.^{4/} The proposed imports involve no new construction or expansion of pipeline facilities.

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

^{2/} One MMBtu of natural gas equals approximately one thousand cubic feet (Mcf).

^{3/} See Order 1534 (2 FE ¶ 70,402).

^{4/} U.S. Gypsum inadvertently failed to file for new import authority in a timely manner. However, since U.S. Gypsum continued reporting to FE the details of each import transaction it entered into after October 31, 2001, we are granting this authorization effective November 1, 2001.

II. FINDING

The application filed by U.S. Gypsum 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 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 U.S. Gypsum 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. Consistent with Order 1534, FE is authorizing U.S. Gypsum to import a total of up to 7.3 Bcf of natural gas over the two-year period and there will be no restriction on the annual volume.

ORDER

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

A. United States Gypsum Company (U.S. Gypsum) is authorized to import up to 7.3 Bcf of natural gas from Canada for two years beginning on November 1, 2001, and extending through October 31, 2003.

B. This natural gas may be imported at any crossing point on the border between the United States and Canada.

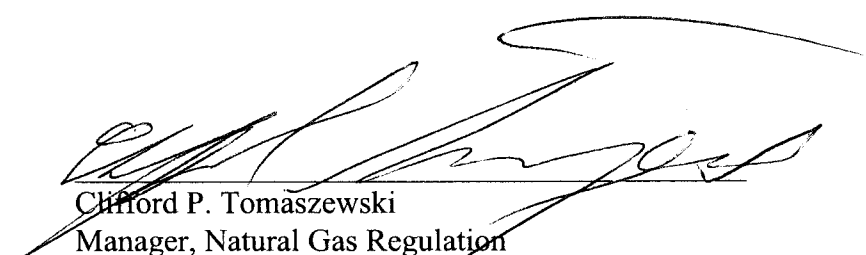
C. With respect to the natural gas imports authorized by this Order, U.S. Gypsum will file with the Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, reports indicating whether imports of natural gas have been made. If no

imports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, U.S. Gypsum 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 (8) 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]

D. The reports required by Ordering Paragraph C 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, SW., Washington, D.C., 20585.

E. U.S. Gypsum will file the first quarterly report under this authorization not later than July 30, 2002, and it should cover the period from April 1, 2002, until the end of the second calendar quarter, June 30, 2002.

Issued in Washington, D.C., on June 5, 2002.



Clifford P. Tomaszewski
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