UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

FORTUNA (U.S.) INC.	**)**	**FE DOCKET NO. 02-80-NG**

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

DOE/FE ORDER NO. 1828

NOVEMBER 7, 2002

I. DESCRIPTION OF REQUEST

On October 31, 2002, Fortuna (U.S.) Inc. (Fortuna) applied with 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 authority to import and export natural gas from and to Canada. Fortuna is a corporation organized in the State of Washington with its headquarters in Calgary, Alberta, Canada.[2/] Its business activities include the exploration, development, production and marketing of hydrocarbon products in the United States. This authorization which will comprise up to a combined total of 75 billion cubic feet (Bcf) begins December 1, 2002, and extends through November 30, 2004. Fortuna will import and export the natural gas at competitive prices on its own behalf as well as on behalf of suppliers and purchasers for whom it will act as agent.

On June 14, 2000, FE authorized Fortuna to import and export an identical quantity of natural gas on a two-year, blanket basis for sale in the short-term and spot market. The current authority expires November 30, 2002.[3/] Granting a new authorization enables Fortuna to continue those arrangements for two more years under the same conditions. This proposal does not involve the construction of new pipeline facilities.

II. FINDING

1/ 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary for Fossil Energy pursuant to Redelegation Order No. 00-002.4 (January 8, 2002).

2/ Fortuna is a wholly-owned subsidiary of Talisman Energy Inc., which is one of the largest independent oil and gas producers in Canada.

3/ *See* DOE/FE Order No. 1604 (2 FE ¶ 70,504).

The 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 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 Fortuna to import and export natural gas from and to 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. Fortuna (U.S.) Inc. (Fortuna) is authorized to import and export up to a combined total of 75 Bcf of natural gas from and to Canada, beginning on December 1, 2002, and extending through November 30, 2004.

B. This natural gas may be imported and exported by pipeline at any border-crossing point between the United States and Canada.

C. With respect to the natural gas imports and exports authorized by this Order, Fortuna 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. Quarterly reports must be filed whether or not initial deliveries have begun. 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, Fortuna 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 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 breakdowns of the contract price. [OMB No.: 1901-0294]

D. The reporting requirements described in 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.

E. The first quarterly report is due not later than January 30, 2003, and should cover the period from December 1, 2002, until the end of the fourth calendar quarter, December 31, 2002.

Issued in Washington, D.C., on November 7, 2002.

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