

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

EL PASO MERCHANT ENERGY, L.P.)
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FE DOCKET NO. 02-95-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT AND EXPORT NATURAL GAS
FROM AND TO CANADA AND MEXICO
AND VACATING PRIOR AUTHORIZATIONS

DOE/FE ORDER NO. 1840

JANUARY 6, 2003

I. DESCRIPTION OF REQUEST

On December 12, 2002, El Paso Merchant Energy, L.P. (EPME) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),^{1/} requesting blanket authorization to import and export up to a combined total of 400 billion cubic feet (Bcf) of natural gas from and to Canada and Mexico over a two-year term beginning on the date of this Order. EPME is a Delaware corporation with its principal place of business in Houston, Texas. EPME is an indirect subsidiary of El Paso Corporation. This natural gas would be imported and exported under short-term or spot market transactions either on EPME's own behalf or as the agent for others. The requested authorization does not involve the construction of new pipeline facilities.

Additionally, on August 27, 1999, EPME was granted authorization in DOE/FE Order No. 1509, as amended by DOE/FE Order No. 1509-A, to import natural gas from Mexico for a term of two years beginning on the date of first delivery after August 30, 1999.^{2/} On August 31, 1999, EPME was granted authorization in DOE/FE Order No. 1510, as amended by DOE/FE Order No. 1510-A, to export natural gas to Canada and Mexico for a term of two years beginning on the date of first delivery after September 30, 1999.^{3/} Deliveries under Order 1509 and Order 1510 have not yet begun. EPME requests that Order 1509, as amended by Order 1509-A, and Order No. 1510, as amended by Order 1510-A, be vacated, effective the date of this Order since the proposed authorization will supersede those current authorizations.

II. FINDING

The application filed by EPME 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

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

^{2/} 2 FE ¶ 70,370 and 2 FE ¶ 70,448, respectively.

^{3/} 2 FE ¶ 70,373 and 2 FE ¶ 70,449, respectively.

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 EPME 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 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. El Paso Merchant Energy, L.P. (EPME) is authorized to import and export up to a combined total of 400 billion cubic feet (Bcf) of natural gas from and to Canada and Mexico over a two-year term beginning on the date of this Order. This natural gas may be imported or exported at any point on the borders between the United States and Canada, and between the United States and Mexico.

B. With respect to the imports and exports authorized by this Order, EPME shall 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 have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, EPME must report the following:

(1) total monthly volumes in Mcf; (2) the average monthly 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 or exit; and (8) the geographic market(s) served (for imports, by State). For import transactions only, the reports also shall include: (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 quarterly reports required by Ordering Paragraph B of this Order shall 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.

D. The first quarterly report required by Ordering Paragraph B of this Order is due not later than April 30, 2003, and should cover the period from the date of this Order, until the end of the first calendar quarter, March 31, 2003.

E. The authorization to import natural gas from Mexico in DOE/FE Order No. 1509, as amended by DOE/FE Order No. 1509-A, and the authorization to export natural gas to Canada and Mexico in DOE/FE Order No. 1510, as amended by DOE/FE Order No. 1510-A, are hereby vacated, effective the date of this Order.

Issued in Washington, D.C., on January 6, 2003.

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