

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

AIG ENERGY TRADING INC.

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FE DOCKET NO. 03-03-NG

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

DOE/FE ORDER NO. 1850

JANUARY 28, 2003

I. DESCRIPTION OF REQUEST

On January 23, 2003, AIG Energy Trading Inc. (AIG Energy) filed an application with the Office of Fossil Energy (FE) of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),^{1/} for authorization to import and export up to a combined total of 500 Bcf of natural gas from and to Canada, over a two-year term beginning on April 1, 2003. AIG Energy is a Delaware corporation with its principal place of business in Greenwich, Connecticut.^{2/} AIG Energy is in the business of purchasing and reselling natural gas and will import and export the natural gas on its own behalf or as an agent for others. The proposed authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by AIG Energy 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 AIG Energy to import and export natural gas from and to Canada and Mexico, nations with which a free trade agreements are in effect, meet the section 3(c) criterion and, therefore, is

^{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/} AIG Energy is a wholly-owned subsidiary of AIG Trading Group Inc., which is a wholly-owned subsidiary of American International Group, Inc.

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. AIG Energy Trading Inc. (AIG Energy) is authorized to import and export up to a combined total of 500 Bcf of natural gas from and to Canada and Mexico, over a two-year term beginning on April 1, 2003, and extending through March 31, 2005.

B. This natural gas may be imported and exported at any point on the borders between the United States and Canada, and the United States and Mexico.

C. With respect to the natural gas imports and exports authorized by this Order, AIG Energy 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 of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, AIG Energy 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 shall also 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 breakdowns of the contract price.

[OMB No.: 1901-0294]

D. The reporting requirements described in 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.

E. The first quarterly report required by this Order is due not later than July 30, 2003, and should cover the period from April 1, 2003, until the end of the second calendar quarter, June 30, 2003.

Issued in Washington, D.C., on January 28, 2003.

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