

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

H.Q. ENERGY SERVICES (U.S.) INC.     )  
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  )                   FE DOCKET NO. 03-15-NG

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

DOE/FE ORDER NO. 1861

APRIL 4, 2003

## DESCRIPTION OF REQUEST

On March 31, 2003, H.Q. Energy Services (U.S.) Inc. (HQUS) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),<sup>1/</sup> requesting blanket authorization to import up to a combined total of 200 billion cubic feet (Bcf) of natural gas from Canada and Mexico, and to export up to a combined total of 200 Bcf of natural gas to Canada and Mexico. The term of the authorization would be for a period of two years beginning on May 1, 2003, and extending through April 30, 2005.<sup>2/</sup> HQUS, a Delaware corporation with its principal place of business in Corapolis, Pennsylvania, is a wholly-owned indirect subsidiary of Hydro-Québec. HQUS is engaged in the business of buying and selling natural gas and electricity. The natural gas will be imported and exported under short-term or spot market transactions on its own behalf or as an agent on behalf of others. The requested authorization does not involve the construction of new pipeline facilities.

## II. FINDING

The application filed by HQUS 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 HQUS 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:

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<sup>1/</sup> 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).

<sup>2/</sup> 2 FE ¶ 70,610.

A. H.Q. Energy Services (U.S.) Inc. (HQUS) is authorized to import up to a combined total of 200 billion cubic feet (Bcf) of natural gas from Canada and Mexico, and to export up to a combined total of 200 Bcf of natural gas to Canada and Mexico. The term of this authorization is for a period of two years beginning on May 1, 2003, and extending through April 30, 2005. 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, HQUS 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, HQUS 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 reports required by Ordering 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 July 31, 2003, and should cover the period from May 1, 2003, until the end of the second calendar quarter, June 30, 2003.

Issued in Washington, D.C., on April 4, 2003.

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Office of Natural Gas & Petroleum  
Import & Export Activities  
Office of Fossil Energy