

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
ECONOMIC REGULATORY ADMINISTRATION

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OFFICE OF ENERGY
U.S. DEPARTMENT OF ENERGY

KIMBALL ENERGY CORPORATION S DOCKET No. 04-21 NG

APPLICATION BY KIMBALL ENERGY CORPORATION
FOR EXTENSION OF AUTHORIZATION TO
IMPORT NATURAL GAS

I. PROCEDURAL HISTORY

Kimball Energy Corporation ("Kimball"), pursuant to Section 3 of the Natural Gas Act, 15 U.S.C. § 717b, Department of Energy Delegation Order No. 0204-111, and 10 C.F.R. Part 590, submitted an application on May 15, 1987 requesting authorization to import natural gas from Canada. On May 15, 1987, the Economic Regulatory Administration ("ERA") of the Department of Energy ("DOE") issued its Opinion and Order No. 190 FE Docket No. 87-26-NG granting blanket authorization to import natural gas from Canada over a two-year period beginning on the date of the first delivery. That authorization expired on April 1, 1990. Extended authorizations were:

<u>Requested</u>	and	<u>Granted</u>
FE Docket No. 90-13-NG		DOE/FE Order No. 397
FE Docket No. 91-114-NG		DOE/FE Order No. 597
FE Docket No. 94-01-NG		DOE/FE Order No. 910
FE Docket No. 95-86-NG		DOE/FE Order No. 1107

<u>Requested</u>	and	<u>Granted</u>
FE Docket No. 98-10-NG		DOE/FE Order No. 1365
FE Docket No. 00-22-NG		DOE/FE Order No. 1583
FE Docket No. 02-66-NG		DOE/FE Order No. 1814

II. AUTHORITY REQUESTED

Kimball intends to continue to negotiate and transact individual arrangements to import and sell Canadian natural gas to buyers in the United States. The term of these arrangements will be subject to the period of import authorization. Kimball requests authority to continue to import Canadian natural gas for its account for resale to its U.S. customers. Kimball also requests authority to import as an agent for various U.S. domestic customers. Kimball requests authority to continue to contract with suppliers and customers pursuant to negotiated spot market contracts or contracts with terms subject to the period of import authorization and that have market responsive terms and conditions of the authorization order. Kimball will continue to function primarily as an importer and reseller but may act as an agent on behalf of Canadian producers and pipelines or as an agent on behalf of domestic purchasers.

Kimball will continue to file reports with the DOE, describing each transaction as required by authorization order.

III.CIRCUMSTANCES UNDER WHICH GAS WILL BE IMPORTED

1. Source and Security of Natural Gas Supply.

Kimball intends to continue contracting with several Canadian producers or suppliers. Kimball is knowledgeable regarding the current U.S. gas markets and is actively involved in efforts to expand the access of U.S. customers to competitively priced sources of natural gas.

2. Need for the Gas. Kimball respectfully submits

that gas imported from Canada will continue to be responsive to market demands and will be competitively priced. The Natural Gas Act establishes a presumption in favor of import authorization on the assumption that, if required under market sensitive arrangements, that gas will be marketable and in demand. Competition is the cornerstone of this extension request, as it was in Kimball's original application.

3. Environmental Impact. Kimball anticipates that

existing pipeline facilities will continue to be used to transport all gas to be imported. As a result, issuance of the import authorization would not be a federal action affecting the quality of the human environment within the meaning of the Natural Environmental Protection Act, 42 U.S.C. 4321, et seq. (1977). Therefore, an environmental impact statement or an assessment is not required.

IV. STATEMENT REGARDING PUBLIC INTEREST

This application for extension of authorization to import natural gas is not inconsistent with the public interest as set forth in DOE Delegation Order No. 0204-111, 49 Fed. Reg. 6684, February 22, 1984, and as interpreted and applied in Northwest Pipeline Corp., ERA Docket No. 85-20-NG (Opinion and Order No. 92a), 1 ERA 70629 (1986).

Competition continues to be the key element of this public interest standard, and Kimball's import arrangements will continue to be flexible and sensitive to market conditions, insuring that gas will only be imported when and where the price to the ultimate consumer is competitive.

For these reasons, Kimball submits that an extension of its authorization to import Canadian natural gas under the terms and conditions described herein is not inconsistent with the public interest and should be extended.

WHEREFORE, Kimball respectfully request authorization, valid for two years commencing April 1, 2004 to import Canadian gas pursuant to the terms and conditions described herein.

Respectfully submitted,

Kimball Energy Corporation



Kimball T. Smith, President

Reilly, Allyson

From: Kimball Smith [kims@kimballenergy.com]
Sent: Wednesday, March 03, 2004 10:53 AM
To: Reilly, Allyson
Cc: McPherson Lori
Subject: Kimball Energy's import application

Allyson – thanks for your call. Kimball desires to import 75 Bcf of natural gas from Canada over the requested import period. Please let me know if you need additional information. Kim Smith

Kimball T. Smith, President
Kimball Energy Corp.
1601 E. Lamar, Ste. 206
Arlington, TX 76011
KimS@KimballEnergy.com
817-860-9100, fax 817-274-4724

Outgoing mail is certified Virus Free.
Checked by AVG anti-virus system (<http://www.grisoft.com>).
Version: 6.0.602 / Virus Database: 383 - Release Date: 3/1/2004

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 30, 2000, and should cover the period from May 1, 2000, until the end of the second calendar quarter, June 30, 2000.

Issued in Washington, D.C., on April 14, 2000.

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Kimball Energy Corporation (FE Docket No. 00-22-NG), April 14, 2000.

DOE/FE Order No. 1583

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Description of Request

On April 10, 2000, Kimball Energy Corporation (Kimball) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act¹ (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting authority to continue importing natural gas from Canada beginning on April 1, 2000.² Kimball is a Texas corporation with its principal place of business in Arlington, Texas. The volumes will be imported by Kimball under short-term sales arrangements on its own behalf as well as the behalf of others. The requested authorization does not involve the construction of new pipeline facilities.

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 Kimball 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.

ORDER

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

A. Kimball Energy Corporation (Kimball) is authorized to import up to 75 billion cubic feet of natural gas from Canada over a two-year term beginning on the April 1, 2000, and extending through March 31, 2002. This natural gas may be imported at any United States/Canada border point.

II. Finding

The application filed by Kimball 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

¹15 U.S.C. Sec. 717b.

²March 31, 2000, was the expiration date of Kimball's previous import authorization granted by

DOE/FE Order No. 1365 on March 3, 1998 (1 FE Para. 71,534).

B. With respect to the natural gas imports authorized by this Order, Kimball shall file with the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, within 30 days following each calendar quarter, reports indicating whether imports of natural gas have been made. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, Kimball must report total monthly volumes in Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each import transaction, including: (1) the name of the seller(s); (2) the name of the purchaser(s); (3) the estimated or actual duration of the agreement(s); (4) the name of the U.S. transporter(s); (5) the point(s) of entry; (6) 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]

C. The first quarterly report required by Ordering Paragraph B of this Order is due not later than July 30, 2000, and should cover the period from April 1, 2000, until the end of the second calendar quarter, June 30, 2000.

D. The quarterly report 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.

Issued in Washington, D.C., on April 14, 2000.

¶ 70,476

St. Clair Pipelines (1996) Ltd. (FE Docket No. 00-21-NG), April 17, 2000.

DOE/FE Order No. 1584

Order Granting Blanket Authorization to Import and Export Natural Gas from and to Canada

I. Description of Request

On April 5, 2000, St. Clair Pipelines (1996) Ltd. (St. Clair) filed an application with the Office of Fossil Energy (FE) of the Department of Energy (DOE), under section 3 of the Natural Gas Act¹ (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to import and export up to a combined total of 200 billion cubic feet of natural gas from and to Canada over a two-year term beginning on the date of issuance of this Order. St. Clair has an existing authorization which expires on April 22, 2000.² St. Clair, a marketer of natural gas, is a Canadian corporation with its principal place of business in Southfield, Michigan. St. Clair is a wholly-owned subsidiary of Engage Energy Canada, L.P. The applicant intends to import and export the gas under short-term transactions. The requested authorization does not involve the construction of new pipeline facilities.

¹15 U.S.C. Sec. 717b.

²DOE/FE Opinion and Order No. 1377

II. Finding

The application filed by St. Clair has been evaluated to determine if the proposed import/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 St. Clair 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.

issued April 23, 1998 (1 FE Para. 71,553).

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