

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

CITADEL ENERGY PRODUCTS LLC)

FE DOCKET NO. 04-20-NG

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

DOE/FE ORDER NO. 1953

MARCH 9, 2004

I. DESCRIPTION OF REQUEST

On February 13, 2004, Citadel Energy Products LLC (Citadel) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act ^{1/} (NGA), requesting authority to import and export up to a combined total of 20 billion cubic feet (Bcf) of natural gas, including liquefied natural gas (LNG), from and to Canada and Mexico. The term of this authorization is for a two-year period beginning on the date of the issuance of this Order. Citadel, a Delaware corporation with its principal place of business in Chicago, Illinois, is a subsidiary of CWEH LLC. Citadel will import and export the natural gas and LNG under short-term and spot market transactions. The requested authorization does not involve the construction of new pipeline or receiving facilities.

II. FINDING

The application filed by Citadel 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, and the importation of LNG from an international source not subject to trading sanctions, are deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Citadel to import and export natural gas, including LNG, 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

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

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. Citadel Energy Products LLC (Citadel) is authorized to import and export up to a combined total of 20 billion cubic feet (Bcf) of natural gas, including liquefied natural gas (LNG), from and to Canada and Mexico. The term of this authorization is for a two-year period beginning the date of the issuance of this Order.

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

C. With respect to the natural gas and LNG imports and exports authorized by this Order, Citadel 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 and LNG 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, Citadel must report the following: (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 of natural gas and LNG transactions only, the report shall also include: (1) whether sales are being made on an interruptible or firm basis; if

applicable, (2) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price; (3) the name(s) of the LNG tankers used; and (4) the country of origin. [OMB No.: 1901-0294]

E. The quarterly reports required by Ordering Paragraph C 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.

F. The first quarterly report required by Ordering Paragraph D of this Order is due not later than July 31, 2004, and should cover the period from the date of this Order, until the end of the second calendar quarter, June 30, 2004.

Issued in Washington, D.C., on March 9, 2004.

Sally Kornfeld
Acting Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy