

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

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OFFICE OF
U.S. DEPARTMENT OF ENERGY

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DUKE ENERGY TRADING AND MARKETING, L.L.C.) FE DOCKET NO. 04-111-NG
_____)

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT AND EXPORT NATURAL GAS,
FROM AND TO CANADA AND MEXICO, AND
TO IMPORT LIQUEFIED NATURAL GAS FROM
OTHER INTERNATIONAL SOURCES

DOE/FE ORDER NO. 2039

NOVEMBER 1, 2004

I. DESCRIPTION OF REQUEST

On October 28, 2004, Duke Energy Trading and Marketing, L.L.C. (DETM) 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/} for blanket authorization to import and export up to a combined total of 200 billion cubic feet of natural gas from and to Canada and Mexico, and to import liquefied natural gas (LNG) from other international sources. The applicant requests the authorization be granted for a two-year term which began October 31, 2004. DETM is a Delaware corporation with its principal place of business in Houston, Texas.

II. FINDING

The application 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 and export of natural gas from and to nations with which there are in effect free trade agreements requiring national treatment for trade in natural gas, and the import of LNG from an international source, so long as the LNG sources, are deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by DETM to import and export natural gas from and to Canada and Mexico, nations with which free trade agreements are in effect, and the import of LNG from other international sources, meets the section 3(c) criterion and, therefore, is consistent with the public interest so long as the LNG sources are not subject to trading sanctions. This Order authorizes transactions under contracts with terms of no longer than two years.

^{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).

ORDER

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

A. Duke Energy Trading and Marketing, L.L.C. (DETM) is authorized to import and export up to a combined total of 200 billion cubic feet of natural gas from and to Canada and Mexico, and to import LNG from other international sources. The term of the authority began on October 31, 2004, and will extend through October 30, 2006.

B. This natural gas 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. The LNG may be imported at any LNG receiving facility in the United States and its territories.

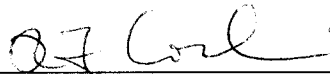
D. With respect to the imports and exports authorized by this Order, DETM shall file with the Office of Natural Gas Regulatory Activities, within 30 days following each calendar quarter, reports indicating whether imports or exports of natural gas have been made. Quarterly reports must be filed whether 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, the report must give the details of each transaction by country: (1) the total monthly volumes in thousand cubic feet (Mcf); (2) average purchase price of gas per million British thermal units (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 United States transporter(s); (7) the point(s) of entry and exit; (8) the geographic market(s) served (for imports, by State); (9) the name(s) of the LNG tankers or the number of tanker truck(s) used; (10) the average landed cost per MMBtu of LNG at the point of import; and,

if applicable, (11) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price. [OMB NO.: 1901-0294]

E. The first quarterly report required by this Order is due not later than January 30, 2005, and should cover the period from October 31, 2004, until the end of the fourth calendar quarter, December 31, 2004.

F. The quarterly reports required by this Order shall be filed with the U.S. Department of Energy, Office of Natural Gas Regulatory Activities, FE-34, P.O. Box 44375, Washington, D.C. 20026-4375.

Issued in Washington, D.C., on November 1, 2004.



R.F. Corbin
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Office of Oil and Gas Global Security and Supply
Office of Fossil Energy