

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ENCANA NATURAL GAS INC.

FE DOCKET NO. 11-163-LNG

ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT AND EXPORT LIQUEFIED NATURAL GAS FROM
AND TO CANADA AND MEXICO BY TRUCK, RAIL, BARGE,
AND NON-BARGE WATERBORNE VESSELS

DOE/FE ORDER NO. 3071

FEBRUARY 15, 2012

I. DESCRIPTION OF REQUEST

On December 22, 2011, Encana Natural Gas Inc. (Encana) 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 blanket authorization to import and export liquefied natural gas (LNG) from and to Canada and Mexico by truck, rail, barge, or non-barge waterborne vessels at all points of import and export, including the Great Lakes, St. Lawrence Seaway, or Puget Sound areas, up to a combined total of the equivalent of 12 billion cubic feet (Bcf) of natural gas. Encana proposes to import and export LNG on its own behalf, or act as agent on behalf of other entities who hold title to the LNG. The application requested that the authorization be granted for a two-year term beginning on the date of the first import or export under the authorization. On January 30, 2012, Encana amended its application so that the requested authorization would take effect on the date this Order is issued. Encana is a Delaware corporation with its principal place of business in Denver, Colorado.

II. FINDING

(1) 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, including LNG, from and to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas and the import of LNG from other international sources are deemed to be consistent with the public interest and applications for such imports or exports must be granted without modification or delay. The authorization sought by Encana to import and export LNG from and to Canada and Mexico by truck, rail, barge, or non-barge waterborne vessels, meets the section 3(c) criterion and,

¹/ The authority to regulate the imports and exports of natural gas, including liquefied natural gas, under section 3 of the NGA (15 U.S.C. § 717b) has been delegated to the Assistant Secretary for FE in Redeleation Order No. 00-002.04E (April 29, 2011).

therefore, is consistent with the public interest. This Order authorizes transactions with terms of no longer than two years.

(2) Encana requests authorization to act on its own behalf or as agent on behalf of other entities who hold title to the LNG. DOE/FE addressed the issue of agency rights in *Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, DOE/FE Order No. 2913 (Order 2913), issued February 10, 2011. In Order 2913, DOE/FE approved a proposal by Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC (collectively, FLEX) to register each LNG title holder for whom FLEX sought to export LNG as agent. This proposal was an acceptable alternative to the non-binding policy adopted by DOE/FE in *Dow Chemical*,² which established that the title for all LNG authorized for export must be held by the authorization holder at the point of export. The same policy considerations that supported DOE/FE's acceptance of the alternative proposal in Order 2913 apply here as well to both imports and exports. The authorization granted herein shall require that where Encana proposes to import and/or export as agent for others, Encana will register those companies in accordance with the procedures and requirements described herein.

ORDER

Pursuant to section 3 of the NGA, it is ordered that:

A. Encana is authorized to import and export LNG from and to Canada and Mexico by truck, rail, barge, and non-barge waterborne vessels up to a combined total of the equivalent of 12 Bcf of natural gas, pursuant to transactions that have terms of no longer than two years. This authorization shall be effective for a two-year term beginning on February 15, 2012, and extending through February 14, 2014.

² *The Dow Chemical Company*, DOE/FE Opinion and Order No. 2859 (FE Docket No. 10-57-LNG), October 5, 2010, at p. 7 and 8.

B. This LNG may be imported or exported by truck, rail, barge, or non-barge waterborne vessels to or from any points of import or export within the United States, including the Great Lakes, St. Lawrence Seaway, or Puget Sound areas.

C. LNG imports that require increased security measures from the United States Coast Guard (USCG) and/or other branches of the Department of Homeland Security in place now or added in the future shall comply with those measures on a shipment by shipment basis to the satisfaction of the USCG. Such measures may include periodic boarding or examination of the vessel by the USCG at the load port, while the vessel is underway, at any time during the voyage, and before and during discharge of the cargo while at the discharge port, as well as other enhanced security measures.

D. Encana is permitted to use its authorization in order to import and export LNG on behalf of or as agent for others, after registering the other party with DOE/FE. Registration materials shall include an acknowledgement and agreement by the registrant to supply Encana with all information necessary to permit Encana to register that person or entity with DOE/FE, including: (1) the registrant's agreement to comply with this Order and all applicable requirements of DOE's regulations at 10 CFR Part 590, including but not limited to destination restrictions; (2) the exact legal name of the registrant, state/location of incorporation/registration, primary place of doing business, and the registrant's ownership structure, including the ultimate parent entity if the registrant is a subsidiary or affiliate of another entity; and (3) the name, title, mailing address, e-mail address, and telephone number of a corporate officer or employee of the registrant to whom inquiries may be directed.

E. Each registration submitted pursuant to this Order shall have current information on file with DOE/FE. Any changes in company name, contact information, or other relevant modification, shall be filed with DOE/FE within 30 days of such change(s).

F. Monthly Reports: With respect to the imports and exports of LNG authorized by this Order, Encana shall file with the Office of Natural Gas Regulatory Activities, within 30 days following the last day of each calendar month, a report indicating whether imports and/or exports of LNG have been made. Monthly reports shall be filed whether or not initial deliveries have begun. If imports and/or exports have not occurred, a report of “no activity” for that month must be filed.

If imports of LNG by truck or rail have occurred, the report must give the following details of each LNG cargo: (1) the name of the U.S. receiving facility; (2) the country of origin; (3) the point(s) of entry; (4) the name(s) of the supplier(s)/seller(s); (5) the name(s) of the LNG transporter(s); (6) the volume in Mcf; (7) the price per MMBtu at the point of entry; (8) the duration of the supply agreement; (9) the geographic market(s) served (list State(s), U.S. Census Region(s), or general U.S. geographic area(s)); and (10) the name(s) of the authorized importer registered with DOE/FE.

If exports of LNG by truck or rail have occurred, the report must give the following details of each LNG cargo: (1) the name of the U.S. departure facility; (2) the country of destination; (3) the point(s) of exit; (4) the name(s) of the supplier(s)/seller(s); (5) the name(s) of the LNG transporter(s); (6) the volume in Mcf; (7) the price per MMBtu at the point of exit; (8) the duration of the supply agreement; and (9) the name(s) of the authorized exporter registered with DOE/FE.

If imports of LNG by vessel have occurred, the report must give the following details of each LNG cargo: (1) the name of the U.S. receiving facility; (2) the name of the vessel; (3) the date of arrival at the U.S. receiving facility; (4) the country of origin; (5) the name(s) of the supplier(s)/seller(s); (6) the volume in Mcf; (7) the landed price per MMBtu at the point of import; (8) the duration of the supply agreement (indicate spot purchases); (9) the name(s) of the purchaser(s); (10) the geographic market(s) served (list State(s), U.S. Census Region(s), or

general U.S. geographic area(s)); and (11) the name(s) of the authorized importer registered with DOE/FE.


If exports of LNG by vessel have occurred, the report must give the following details of each LNG cargo: (1) the name of the U.S. departure facility; (2) the country of destination; (3) the date of departure from the U.S. departure facility; (4) the name(s) of the supplier(s)/seller(s); (5) the name(s) of the vessel; (6) the volume in Mcf; (7) the price per MMBtu at the point of export; (8) the name(s) of the purchaser(s); (9) the duration of the supply agreement; and (10) the name(s) of the authorized exporter registered with DOE/FE.

(Approved by the Office of Management and Budget under OMB Control No. 1901-0294)

G. The first monthly report required by this Order is due not later than March 30, 2012, and should cover the reporting period from February 15, 2012, through February 29, 2012.

H. All monthly report filings shall be made to U.S. Department of Energy (FE-34), Office of Fossil Energy, Office of Natural Gas Regulatory Activities, P.O. Box 44375, Washington, D.C. 20026-4375, Attention: Ms. Yvonne Caudillo. Alternatively, reports may be mailed to Ms. Caudillo at Yvonne.caudillo@hq.doe.gov or ngreports@hq.doe.gov, or may be faxed to Ms. Caudillo at (202) 586-6050.

Issued in Washington, D.C., on February 15, 2012.



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