UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

MORGAN STANLEY CAPITAL GROUP INC.	FE DOCKET NO. 95-81-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. 1096

OCTOBER 24, 1995

I. DESCRIPTION OF REQUEST

On September 28, 1995, Morgan Stanley Capital Group Inc. (Morgan Stanley) 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/ and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting blanket authorization to import and export natural gas, including liquefied natural gas (LNG), from and to Canada and Mexico. Morgan Stanley proposes to import and export a combined total of up to 150 Bcf of natural gas, including LNG, from and to Canada and Mexico. The term of the authorization would be for a period of two years beginning on the date of the initial delivery of either imports or exports, whichever occurs first. Morgan Stanley is a Delaware corporation with its principal office in New York, New York. This gas would be imported and exported under short-term and spot market transactions either on Morgan Stanley's own behalf or as the agent for others. The requested authorization does not involve the construction of new pipeline or LNG facilities.

II. FINDING

The application filed by Morgan Stanley 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

1/ 15 U.S.C. 717b.

gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Morgan Stanley to import and export natural gas, including LNG, from and to Canada and Mexico, nations 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. Morgan Stanley Capital Group Inc. (Morgan Stanley) is authorized to import and export a combined total of up to 150 Bcf of natural gas, including LNG, from and to Canada and Mexico. The term of this authorization is for a period of two years beginning on the date of the initial import or export delivery, whichever occurs first. This natural gas may be imported and exported at any United States border point.

B. Within two weeks after deliveries begin, Morgan Stanley shall provide written notification to the Office of Fuels Programs (OFP), Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first import or export delivery of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the imports and exports authorized by this Order, Morgan Stanley shall file with OFP, within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports of natural gas, including 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 occur, Morgan Stanley must report the following: (1) total monthly volumes in Mcf; (2) the average monthly purchase price of gas, including LNG, 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.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than January 30, 1996, and should cover the period from the date of this order until the end of the fourth calendar quarter, December 31, 1995.

Issued in Washington, D.C., on October 24, 1995.

Anthony J. Como
Director
Office of Coal & Electricity

Office of Fuels Programs
Office of Fossil Energy