UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

PROGAS U.S.A., INC.	)	FE DOCKET NO. 96-61-NG

ORDER GRANTING LONG-TERM AUTHORIZATION TO
IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1198

SEPTEMBER 16, 1996

I. DESCRIPTION OF REQUEST

On August 15, 1996, ProGas U.S.A., Inc. (ProGas) 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 long-term authorization to import from Canada up to 7,841 MMBtu2/ per day of natural gas, plus gas required for transportation. ProGas is a corporation under the laws of the State of Delaware with its principal place of business in Calgary, Alberta, Canada, and is beneficially owned by ProGas Limited.

ProGas will purchase the natural gas to be imported from ProGas Limited under a netback arrangement, and resell the supplies to the Great Plains Natural Gas Company (Great Plains) under the terms of a November 1, 1992, natural gas sales agreement, and an October 6, 1995, amending agreement. The November 1, 1992, agreement provides for the firm sale of 7,841 MMBtu per day of natural gas for a five-year term beginning on November 1, 1995, through October 31, 1997.3/ The amending agreement of October 6, 1995, extended that term until October 31, 2000. Under the terms of the agreement, the price of gas sold by ProGas to Great Plains consists of a fixed monthly

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

2/ This volume is equivalent to 7,841 Mcf of natural gas.

3/ ProGas is currently importing this gas under blanket authority in FE Docket No. 95-22-NG, dated April 17, 1995 (1 FE 71,104).

demand charge subject to revision by ProGas, plus a monthly commodity charge.

ProGas states that the imported natural gas will enter the United States at the interconnection of TransCanada PipeLines Ltd. and Viking Gas Transmission Company (Viking) pipeline systems at Noyes, Minnesota. Viking will then ship the gas to Great Plains' system at Fergus Falls, Minnesota.

II. FINDING

The application filed by ProGas 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 of natural gas from 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 ProGas 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.

ORDER

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

A. ProGas U.S.A., Inc. (ProGas) is authorized to import from Canada up to 7,841 Mcf per day of natural gas, plus gas required for transportation, effective the date of this Order through October 31, 2000, under the terms and conditions of the gas sales agreement dated November 1, 1992, and the October 6, 1995, amendment to the gas sales agreement between ProGas and Great Plains Gas Natural Gas Company. This natural gas may be imported at the interconnect of TransCanada PipeLines Ltd. and Viking Gas Transmission Company at the international border at Noyes, Minnesota.

B. With respect to the natural gas imports authorized by this Order, ProGas shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, a quarterly report indicating by month the volumes and prices of natural gas imported pursuant to this Order. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, ProGas must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu delivered at the international border. The monthly price information shall itemize separately the monthly demand and commodity charges, fuel charges, and, if applicable, reservation fees.

C. The first quarterly report required by Ordering Paragraph B of this Order is due not later than October 30, 1996, and should cover the period from the date of this Order through the end of the third calendar quarter, September 30, 1996.

Issued in Washington, D.C., on September 16, 1996.

Anthony J. Como
Director
Office of Coal & Electricity
Office of Fuels Programs

Office of Fossil Energy