UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

COASTAL GAS MARKETING COMPANY	)	FE DOCKET NO. 97-36-NG

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

DOE/FE ORDER NO. 1275

MAY 23, 1997

I. DESCRIPTION OF REQUEST

On April 30, 1997, Coastal Gas Marketing Company (CGM) 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/ and DOE Delegation Order Nos. 0204-111 and 0204-127, for authorization to import up to 5 MMcf per day of Canadian natural gas for a period of ten years commencing on November 1, 1997. CGM, a Delaware corporation with its principal place of business in Houston, Texas, intends to purchase the imported natural gas from Ranger Oil Limited (Ranger) pursuant to the terms of a Letter Agreement dated February 20, 1997.2/ The Letter Agreement between CGM and Ranger provides that CGM pay Ranger the monthly index price as published by "Gas Daily" under the category "Niagara Falls, NY", less a marketing fee. The natural gas will essentially form part of CGM's portfolio of supply available to serve all of CGM's existing and new markets. These markets consist principally of local distribution companies, electric generation companies, and industrial end-users.

The gas to be imported will be produced in the Province of British Columbia, Canada, and transported by the NOVA Gas Transmission Ltd. (NOVA) pipeline system to Empress, Alberta, where NOVA interconnects with TransCanada PipeLines Limited (TCPL). TCPL will transport the gas to the Canada/U.S. border at a point near Niagara Falls, Ontario, where the gas will move on

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

2/ CGM and Ranger are negotiating formal contracts to replace the Letter Agreement.

National Fuel Gas Supply Corporation and/or Tennessee Gas Pipeline Company to markets in the U.S. Northeast.

II. FINDING

The application filed by CGM has been evaluated to determine if the proposed import arrangement meets the public interest requirements 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 importation 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 CGM 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. Coastal Gas Marketing Company (CGM) is authorized to import up to 5 MMcf per day of Canadian natural gas for a period of ten years, beginning on November 1, 1997, under the terms and conditions of a letter agreement dated February 20, 1997, with Ranger Oil Limited. This natural gas may be imported at Niagara Falls, New York, or at alternative border points with transportation facilities accessible by CGM.

B. CGM shall file with the Office of Natural Gas & Petroleum Import and Export Activities all executed natural gas supply contracts pertaining to the natural gas to be imported within 30 days of their execution.

C. Within two weeks after deliveries begin, CGM shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3F-056, FE-34, Forestall Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first import delivery of natural gas authorized in Ordering Paragraph A above occurred.

D. With respect to the natural gas imports authorized by this Order, CGM shall file with the Office of Natural Gas & Petroleum Import and Export Activities, 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, CGM must report by month, the volumes in Mcf by supplier and the average purchase price of gas per MMBtu delivered at the international border and paid to Ranger Oil Limited. Whenever imports have occurred at an entry point other than Niagara Falls, New York, these volumes and prices must be reported separately. In addition, CGM shall provide to the extent possible, a breakdown of the import volume showing the amount sold in each State and to each of its customers.

E. The first quarterly report required by Ordering Paragraph D of this Order is due not later than January 30, 1998, and should cover the period from November 1, 1997, until the end of the fourth calendar quarter, December 31, 1997.

Issued in Washington, D.C. on May 23, 1997.

Wayne E. Peters
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import and Export Activities
Office of Fossil Energy