

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ARCO PRODUCTS COMPANY)
_____)

FE DOCKET NO. 00-23-NG

ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1586

APRIL 24, 2000

I. DESCRIPTION OF REQUEST

On April 11, 2000, ARCO Products Company (ARCO), 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, for blanket authorization to import up to 25 billion cubic feet (Bcf) of natural gas from Canada for a period of two years commencing on September 19, 2000, and extending through September 18, 2002.^{2/}

ARCO is a Delaware corporation with its principal place of business in Los Angeles, California. ARCO is a refiner and marketer of petroleum products, and owns and operates a 220,000 barrel per day oil refinery in Blaine, Washington. ARCO currently purchases all of its natural gas supplies from Canadian sources. The Canadian natural gas enters the United States at Sumas, Washington and is transported approximately 28 miles by the Ferndale Pipeline System to ARCO's refinery in Blaine, Washington. ARCO will import the natural gas under spot and short-term arrangements. The requested authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by ARCO 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

1/ 15 U.S.C. § 717b.

2/ September 18, 2000, is the expiration date of ARCO's import authorization granted by DOE/FE Order No. 1411 on September 10, 1998 (2 FE ¶ 70,227).

granted without modification or delay. The authorization sought by ARCO 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. 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. ARCO Products Company is authorized to import up to 25 billion cubic feet of natural gas from Canada over a period of two years commencing on September 19, 2000, and extending through September 18, 2002. This natural gas may be imported at any point on the international border between the United States and Canada.

B. With respect to the natural gas imports authorized by this Order, ARCO shall file with the Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, reports indicating whether imports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, ARCO must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu at the international border. The reports shall also provide the details of each import transaction, including: (1) the name of the seller(s); (2) the name of the purchaser(s); (3) the estimated or actual duration of the agreement(s); (4) the name of the United States transporter(s); (5) the point(s) of entry; (6) the geographic markets(s) served (by state);

(7) whether sales are being made on an interruptible or firm basis; and, if applicable, (8) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

[OMB No.: 1901-0294]

C. The first quarterly report required by Ordering Paragraph B of this Order is due not later than October 30, 2000, and should cover the period from September 19, 2000, through the end of the third calendar quarter, September 30, 2000.

D. The reports required by Ordering Paragraph B of this Order shall be filed with the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, Room 3E-042, FE-34, Forrestal Building, 1000 Independence Avenue, S. W., Washington, D.C., 20585.

Issued in Washington, D.C., on April 24, 2000.

John W. Glynn
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy