

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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PROGAS U.S.A., INC.  
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FE DOCKET NO. 99-26-NG

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

DOE/FE ORDER NO. 1479

MAY 5, 1999

## I. DESCRIPTION OF REQUEST

On April 4, 1999, ProGas U.S.A., Inc. (ProGas U.S.A.) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)<sup>1/</sup> and DOE Delegation Order Nos. 0204-111 and 0204-127. ProGas requests authorization to import from Canada up to 65,000 thousand cubic feet of natural gas per day, plus gas required for fuel, shrinkage and line loss, for a 15 year period beginning on October 1, 2000, or such later date as Alliance Pipeline Limited Partnership (Canadian Alliance) and Alliance Pipeline L.P. (U.S. Alliance) commence service. ProGas U.S.A., a Delaware corporation with its principal place of business in Calgary, Alberta, is beneficially owned by ProGas Limited, a private corporation organized under the laws of the Province of Alberta, Canada.

Pursuant to the terms of a natural gas purchase contract dated July 1, 1990, as amended July 2, 1990, ProGas U.S.A. will purchase the natural gas to be imported from ProGas Limited under a netback arrangement, and resell the supplies directly to end-users and others in “first sale” transactions. ProGas U.S.A. states that the imported gas will enter the United States at the interconnection of Canadian Alliance and U.S. Alliance at or near a point on the United States/Canada border near Sherwood, North Dakota, for sale and delivery to markets off the U.S. Alliance pipeline system. The price of the natural gas sold off the U.S. Alliance pipeline system will be a market-based price negotiated at the time of the sale.

## II. FINDING

The application filed by ProGas U.S.A. 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

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<sup>1/</sup> 15 U.S.C. § 717b.

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 ProGas U.S.A. 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 U.S.A.) is authorized to import from Canada up to 65,000 thousand cubic feet (Mcf) per day of natural gas, plus gas required for transportation, for a 15 year period beginning on October 1, 2000, or such later date as Alliance Pipeline Limited Partnership (Canadian Alliance) and Alliance Pipeline L.P. (U.S. Alliance) commence service, pursuant to the terms of a natural gas purchase contract dated July 1, 1990, as amended July 2, 1990, between ProGas U.S.A. and ProGas Limited. This natural gas may be imported from Canada at the pipeline connection of Canadian Alliance and U.S. Alliance at the international boundary near Sherwood, North Dakota.

B. Within two weeks after deliveries begin, ProGas U.S.A. shall provide written notification to the Office of Natural Gas & Petroleum Import & Export Activities of the date that the first import of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports authorized by this Order, ProGas U.S.A. shall file with the Office of Natural Gas & Petroleum Import & 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, ProGas U.S.A. must report total monthly volumes in Mcf and the average purchase price of gas in U.S. dollars per MMBtu delivered at the international border, and paid to ProGas Limited. The monthly price information shall itemize separately the monthly demand and commodity charges, fuel charges, and, if applicable, reservation fees. ProGas shall provide, to the extent possible, a breakdown of the import volumes showing the amount sold in each State and to each of its customers.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than January 30, 2001, and should cover the period from October 1, 2000, until the end of the fourth calendar quarter, December 31, 2000.

E. The notification and reports required by Ordering Paragraphs B and C 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 May 5, 1999.

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