UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

PENNUNION ENERGY SERVICES, L.L.C.	)	FE DOCKET NO. 95-36-NG

ORDER GRANTING BLANKET AUTHORIZATION TO IMPORT NATURAL GAS FROM CANADA AND MEXICO AND TO EXPORT NATURAL GAS TO CANADA AND MEXICO

DOE/FE ORDER NO. 1055

MAY 30, 1995

I. DESCRIPTION OF REQUEST

On May 15, 1995, PennUnion Energy Services, L.L.C. (PennUnion) 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 blanket authorization to import up to 40 Bcf of natural gas from Canada and to export up a to 40 Bcf of natural gas to Canada. PennUnion also requests blanket authorization to import up to 40 Bcf of natural gas from Mexico and to export up to 40 Bcf of natural gas to Mexico. The term of the authorization would be for two years beginning on the date of the initial import or export delivery, whichever occurs first. PennUnion is a Delaware limited liability company whose principal place of business is in Houston, Texas. PennUnion is owned equally by Pennzoil Gas Marketing Company, a wholly-owned subsidiary of Pennzoil Exploration and Production Company, and BRING Gas Services Corp., a wholly-owned subsidiary of Fuel Resources Inc. PennUnion would import and export this gas under spot and short term sales arrangements. The requested authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by PennUnion has been evaluated to determine if the proposed import/export arrangement meets the public interest requirement of section 3 of the NGA, as amended

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

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 gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by PennUnion to import and export natural gas 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. PennUnion Energy Services, L.L.C. (PennUnion) is authorized to import up to 40 Bcf of natural gas from Canada and to export up to 40 Bcf of natural gas to Canada. PennUnion is also authorized to import up to 40 Bcf of natural gas from Mexico and to export up to 40 Bcf of natural gas to Mexico. The term of this authorization is for a period of two years beginning on the date of the initial import or export, whichever occurs first. The natural gas may be imported and exported at any United States border point.

B. Within two weeks after deliveries begin, PennUnion 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 of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports and exports authorized by this Order, PennUnion shall file with OFP, within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports 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, PennUnion must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu at the international border. The reports also shall provide the details of each import and export 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 U.S. transporter(s); (5) the point(s) of entry and exit; (6) the geographic market(s) served; (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.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than July 30, 1995, and should cover the period from the date of this Order until the end of the second calendar quarter, June 30, 1995.

Issued in Washington, D.C., on May 30, 1995.

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