UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ENRON CAPITAL & TRADE RESOURCES CORP.

FE DOCKET NO. 98-17-NG

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

DOE/FE ORDER NO. 1379

APRIL 28, 1998

I. DESCRIPTION OF REQUEST

On March 3, 1998, Enron Capital & Trade Resources Corp. (ECT) 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, requesting authorization to import approximately 42,000 Mcf per day of natural gas, including fuel gas, from Canada. ECT, a Delaware corporation with its principal place of business in Houston, Texas, is a wholly-owned subsidiary of Enron Corp. ECT plans to purchase the imported natural gas from Enron Capital & Trade Resources Canada Corp. (ECT Canada) for delivery at the United States and Canadian border near Monchy, Saskatchewan, (Port of Morgan, Montana) pursuant to the terms of an agreement (the "Enfolio Master Firm Purchase/Sale Agreement") dated June 1, 1994. The import arrangement proposed by this application is subject to the Master Agreement and five Confirmation Letters between ECT and ECT Canada dated February 12 and 13, 1997.

The natural gas to be imported would be produced in the Province of Alberta and supplied by a pool of four producers comprised of Canadian Natural Resources Ltd. (25,000 MMBtu per day), PennWest Petroleum Ltd. (5,000 MMBtu per day), Pinnacle Resources Ltd. (5,000 MMBtu per day), and Rigel Energy Corporation (5,000 MMBtu). The requested authorization is for a ten-year term commencing November 1, 1998, through October 31, 2008, or for ten years after the commencement of deliveries if deliveries begin after November 1, 1998.

ECT intends to use the requested volumes to enhance its overall corporate supply portfolio for delivery to markets in the midwestern United States. The imported natural gas will be transported on NOVA Gas Transmission Ltd. to Foothills Pipe Lines Ltd. for delivery to Northern Border Pipeline (Northern Border). The natural gas will continue on the facilities of Northern Border for delivery into ECT's markets or to interconnecting pipeline systems for delivery to markets in the Midwest. The majority of the supply to be imported under this import arrangement (about 25,000 Mcf/day) will be delivered to Manhattan, Illinois, (Chicago city gate) while the remaining volumes (15,000 Mcf/day) will be delivered to Ventura, Iowa.

The Confirmation Letters dated February 12 and 13, 1997, for transaction agreements #'s C-1(A), C-2, C-3 and C-4 filed with this application state that the contract price for each delivery month, except for the fuel gas, for each delivery month shall be a price in U.S. dollars per MMBtu equal to the "Chicago Index" minus transportation charges and other fees/expenses. Natural Gas Intelligence Gas Price Index publishes the "Chicago Index" in its first issue of each month in the table entitled "California Border and Non-Utility End-User City Gate", in the column "Bidweek Avg" and the row for "Illinois via NGPL".

The Confirmation Letter dated February 12, 1997, for transaction agreement # C-1(B) filed with the application states that the contract price, except for the fuel gas, for each delivery month shall be a price in U.S. dollars per MMBtu equal to the "Ventura Index" minus transportation charges and other fees/expenses. Inside F.E.R.C.'s Gas Market Report, publishes the "Ventura Index" in its first issue of each month in the table entitled "Prices of Spot Gas Delivered to Pipelines", in the column "Index" and the row for "Northern Natural Gas Company Ventura, Iowa".

II. FINDING

The application filed by ECT 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 ECT 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. Enron Capital & Trade Resources Corp. (ECT) is authorized to import up to approximately 42,000 Mcf per day of natural gas, including fuel gas, from Canada. The authorization is for a ten year term commencing November 1, 1998, through October 31, 2008, or for ten years after the commencement of deliveries if deliveries begin after November 1, 1998. This natural gas shall be imported in accordance with the "Enfolio Master Firm Purchase/Sale Agreement" between ECT and Enron Capital & Trade Resources Canada Corp., and related Confirmation Letters submitted as part of the application.

B. This natural gas may be imported from Canada near Port of Morgan, Montana, (Monchy, Saskatchewan) or at alternative border points with transportation facilities accessible by ECT.

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

D. With respect to the natural gas imports authorized by this Order, ECT shall file, 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, ECT 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 ECT Canada. Whenever imports have occurred at an entry point(s) or delivery point(s) other than Port of Morgan, Montana, these volumes and prices must be reported separately. The monthly price information shall itemize separately the monthly demand and commodity charges, and, if applicable, any gas deficiency default charges. In addition to the volume and pricing information, ECT shall provide a volumetric breakdown of the geographic markets (by State) served by this gas supply.

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

F. The first quarterly report required by Ordering Paragraph D of this Order is due not later than January 30, 1999, and should cover the period from November 1, 1998, until the end of the fourth calendar quarter, December 31, 1998.

Issued in Washington, D.C. on April 28, 1998.

____

John W. Glynn

Manager, Natural Gas Regulations

Office of Natural Gas & Petroleum

Import and Export Activities

Office of Fossil Energy

1. 1/ 15 U.S.C. § 717b.