UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

CLINTON ENERGY MANAGEMENT SERVICES, INC.

FE DOCKET NO. 98-73-NG

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

DOE/FE ORDER NO. 1420

OCTOBER 13, 1998

I. DESCRIPTION OF REQUEST

On October 8, 1998, Clinton Energy Management Services, Inc.(CEMSI) 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 and export up to a combined total of 200 Bcf of natural gas annually from and to Canada and Mexico. The term of this authorization would be for a period of two years beginning on the date of the initial delivery of either imports or exports, whichever occurs first. This gas would be imported and exported at various points along the United States/Canada and United States/Mexico borders.

CEMSI, a Ohio corporation with its principal place of business in Dublin, Ohio, is a direct subsidiary of Enron Energy Services Operations, Inc. and an indirect subsidiary of Enron Corp. CEMSI intends to import and export the gas under spot and short-term transactions for sale to various customers, including end-users, distribution companies, pipeline companies, and other marketers of natural gas. The requested authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by CEMSI has been evaluated to determine if the proposed import/export 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 and the 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 CEMSI to import and export natural gas from and to Canada and Mexico, nations with which free trade agreements are 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. Consistent with our treatment of similar blanket applications, there will be no restriction on the annual volumes that may be imported and exported. This maximizes the flexibility of spot market importers and exporters to provide gas supplies to meet customer demand.

ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Clinton Energy Management Services, Inc. (CEMSI) is authorized to import and export up to an aggregate of 400 Bcf of natural gas from and to Canada and Mexico. The term of this authorization is for a period of two years beginning on the date of the initial delivery of either imports or exports, whichever occurs first. The natural gas may be imported and exported at any border point between the United States and Canada and Mexico.

B. Within two weeks after deliveries begin, CEMSI shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities 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 the natural gas exports authorized by this Order, CEMSI shall file with the Office of Natural Gas & Petroleum Import and Export Activities, 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, CEMSI 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; and (6) the geographic market(s) served (for imports, by State). For import transactions only, the report shall also include: (1) whether sales are being made on an interruptible or firm basis; and, if applicable, (2) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

D. The notification and reports described in Ordering Paragraphs B and C of this Order shall be 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.

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

Issued in Washington, D.C., on October 13, 1998.

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John W. Glynn

Manager, Natural Gas Regulation

Office of Natural Gas & Petroleum

Import and Export Activities

Office of Fossil Energy

1. 1. 15 U.S.C. § 717b.