UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

KOCH ENERGY TRADING, INC.

FE DOCKET NO. 98-84-NG

ORDER GRANTING BLANKET AUTHORIZATION TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1429

OCTOBER 30, 1998

I. DESCRIPTION OF REQUEST

On October 30, 1998, Koch Energy Trading, Inc. (KET) 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 a maximum of 73 billion cubic feet (Bcf) of natural gas from Canada for a period of two years commencing November 3, 1998, through November 2, 2000.[(2)] KET is an Oklahoma corporation with its principal place of business in Houston, Texas, and a wholly-owned subsidiary of Koch Industries, Inc. Koch will import the gas under spot and short-term purchase arrangements. The requested authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by KET 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 granted without modification or delay. The authorization sought by KET 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. Koch Energy Trading, Inc. (KET) is authorized to import up to a maximum of 73 Bcf of natural gas from Canada over a period of two years commencing November 3, 1998, through November 2, 2000. 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, KET 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 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, KET 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 market(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.

C. The reports required by Ordering Paragraph B 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.

D. The first quarterly report required by Ordering Paragraph B of this Order is due not later than January 30, 1999, and should cover the period from November 3, 1998, through the end of the fourth calendar quarter, December 31, 1998.

Issued in Washington, D.C., on October 30, 1998.

John W. Glynn

Manager, Natural Gas Regulation

Office of Natural Gas & Petroleum

Import & Export Activities

Office of Fossil Energy

1. 1/ 15 U.S.C. § 717b.

2. 2/ KET's blanket import authorization, granted by DOE/FE Order No. 1219 dated October 31, 1996 (1 FE ¶ 71,333), expires on November 2, 1998.