UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ENGAGE ENERGY CANADA, L.P.	**)))**	**FE DOCKET NO. 02-82-LNG**

ORDER GRANTING BLANKET AUTHORIZATION TO IMPORT AND EXPORT NATURAL GAS, INCLUDING LIQUEFIED NATURAL GAS, FROM AND TO CANADA

DOE/FE ORDER NO. 1837

DECEMBER 19, 2002

I. DESCRIPTION OF REQUEST

On November 12, 2002, Engage Energy Canada, L.P. (Engage Canada) applied to the Office of Fossil Energy (FE) of the Department of Energy (DOE) under section 3 of the Natural Gas Act (NGA)[1/], for authorization to import and export natural gas, including liquefied natural gas (LNG), from and to Canada. Engage Canada proposes to import and export up to a combined total of 1,000 billion cubic feet (Bcf) over a two-year term beginning on January 1, 2003, by means of short-term and spot market arrangements. Engage Canada will carry on these arrangements either on its own behalf or as an agent for others. The proposed imports and exports do not require new construction of pipeline, plant or terminal facilities.

Engage Canada, a marketer of natural gas, is a Federal Canadian Corporation with its principal place of business in Calgary, Alberta, and an indirect wholly-owned subsidiary of Duke Energy Corporation. In an order FE issued December 15, 2000, Engage Canada received identical, broad-based, blanket authority which began on January 1, 2001, through December 31, 2002.[2/] Granting a new authorization will enable it to import and export natural gas and LNG for an additional two years under the same conditions. Once again, each purchase and sales transaction will be negotiated at arms-length and structured to provide a commodity price that is competitive in the short-term and spot market for natural gas and LNG.

II. FINDING

This application has been evaluated to determine if the proposed import and export arrangement meets the public interest requirement of section 3 of the NGA, as amended by section 201 of the Energy

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1/ 15 U.S.C. § 717b.This authority is delegated to the Assistant Secretary for Fossil Energy pursuant to Redelegation Order No. 00-002.4 (January 8, 2002).

2/ *See* DOE/FE Order No. 1658 (2 FE ¶ 70,589).

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, and the importation of LNG from an international source not subject to trading sanctions, are deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Engage Canada to import and export natural gas, including LNG, from and to 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. Engage Energy Canada, L.P. (Engage Canada) is authorized to import and export up to a combined total of 1,000 Bcf of natural gas, including LNG, from Canada. The term of this authority is for two years beginning on January 1, 2003, and extending through December 31, 2004.

B. The pipeline natural gas and LNG may be imported and exported at any border crossing point between the United States and Canada.

C. With respect to the natural gas and LNG imports and exports authorized by this Order, Engage Canada will file with the Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, reports indicating whether imports or exports of natural gas 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 have occurred, Engage Canada must report the following information: (1) the country of origin; (2) total monthly volumes in Mcf; (3) the average monthly purchase price of gas per MMBtu at the international border; (4) the name of the seller(s); (5) the name of the purchaser(s); (6) the estimated or actual duration of the agreement(s); (7) the name of the U. S. transporter(s); (8) the point(s) of entry and exit; and (9) the geographic market(s) served (for imports, by State). In addition, for import transactions only, the report will include: (1) whether sales are being made on an interruptible or firm basis; and (2) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price. [OMB NO.: 1901-0294]

D. The quarterly reports required by this Order will 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.

E. The first quarterly report required by this Order is due not later than April 30, 2003, and should cover the period from January1, 2003, through the end of the first calendar quarter, March 31, 2003.

Issued in Washington, D.C., on December 19, 2002.

Clifford P. Tomaszewski
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