

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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DOE/OFE/MGR

CITADEL ENERGY PRODUCTS LLC

FE DOCKET NO. 06-134-NG

ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT AND EXPORT NATURAL GAS FROM AND TO
CANADA AND MEXICO, AND TO IMPORT LIQUEFIED
NATURAL GAS FROM VARIOUS INTERNATIONAL SOURCES

DOE/FE ORDER NO. 2319

DECEMBER 28, 2006

I. DESCRIPTION OF REQUEST

On December 1, 2006, Citadel Energy Products LLC (Citadel) 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 for blanket authorization to import and export natural gas from and to Canada and Mexico, and to import liquefied natural gas (LNG) from various international sources, up to a combined total of 20 billion cubic feet (Bcf) of natural gas. The applicant requests the authorization be granted for a two-year term beginning on the date the Order is issued. Citadel is a Delaware corporation with its principal place of business in Chicago, Illinois.

II. FINDING

The 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 Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), of the NGA, the import and export of natural gas from and to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas and the import of LNG are deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Citadel to import and export natural gas from and to Canada and Mexico, nations with which a free trade agreement is in effect, and to import LNG from various international sources, meets the section 3(c) criterion and, therefore, is consistent with the public interest. This Order authorizes transactions with terms of no longer than two years.

¹ 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary for Fossil Energy pursuant to Redlegation Order No. 00.002.04B (September 23, 2005).

ORDER

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

A. Citadel Energy Products LLC (Citadel) is authorized to import and export natural gas from and to Canada and Mexico, and to import LNG from various international sources, up to a combined total of 20 billion cubic feet (Bcf) of natural gas pursuant to transactions that have terms of no longer than two years. This authorization shall be effective for a two-year term beginning on December 28, 2006, and extending through December 27, 2008.

B. This natural gas may be imported and exported at any point on the border between the United States and Canada.

C. This LNG may be imported at any LNG receiving facility in the United States and its territories.

D. **Monthly Reports:** With respect to the natural gas imports and exports, and the imports of LNG authorized by this Order, Citadel shall file with the Office of Natural Gas Regulatory Activities, within 30 days following the last day of each calendar month, a report indicating whether imports or exports of natural gas or LNG have been made. Monthly reports must be filed whether or not initial deliveries have begun. If neither imports nor exports have been made, a report of "no activity" for that month must be filed. If imports or exports of natural gas have occurred, the report must give the following details: (1) for imports, country of origin; (2) for exports, the country of destination; (3) the point(s) of entry and exit; and (4) the total volume at each import or export point in thousand cubic feet (Mcf) for the month. If imports of LNG have occurred, the report must give the details of each LNG cargo: (1) the date of arrival at the U.S. receiving terminal; (2) the country of origin; (3) the name of the supplier/seller; (4) the name of the U.S. receiving terminal; (5) the name of the LNG tanker; (6) the volume in thousand cubic feet (Mcf) and million British thermal

units (MMBtu); (7) the landed price per MMBtu at the point of import; (8) the duration of the supply agreement (indicate spot purchases); (9) the name(s) of the purchaser(s); and (10) the geographic market served (list States). [OMB No. 1901-0294]

E. The first monthly report required by this Order is due not later than January 30, 2007, and should cover the reporting period from December 28, 2006 through December 31, 2006.

F. **Quarterly Reports:** With respect to the natural gas imports and exports, and the import of LNG authorized by this Order, Citadel shall file with the Office of Natural Gas Regulatory Activities, within 30 days following the last day of each calendar quarter, reports indicating whether imports or exports of natural gas or LNG have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If neither imports nor exports of natural gas or LNG have been made, a report of “no activity” for that calendar quarter must be filed. If imports or exports of natural gas have occurred, the report must give the details of each transaction, including: (1) the total monthly volumes in Mcf; (2) the average purchase price of gas per million British thermal units (MMBtu) at the international border; (3) the name of the supplier(s); (4) the name of the purchaser(s); (5) the estimated or actual duration of the supply agreement(s); (6) the name of the United States transporter(s); (7) the point(s) of entry or exit; and (8) for imports, the geographic market(s) served, by State. If imports of LNG have occurred, the report must give the details of each LNG cargo: (1) the date of arrival at the U.S. receiving terminal; (2) the country of origin; (3) the name of the supplier/seller; (4) the name of the U.S. receiving terminal; (5) the name of the LNG tanker; (6) the volume in Mcf and MMBtu; (7) the landed price per MMBtu at the point of

import; (8) the duration of the supply agreement (indicate spot purchases); (9) the name(s) of the purchaser(s); (10) the geographic market served (list States).

[OMB No. 1901-0294]

G. The first quarterly report required by this Order is due not later than January 30, 2007, and should cover the reporting period for the fourth calendar quarter, December 28, 2006 through December 31, 2006.

H. Both the monthly and quarterly reports shall be filed with the U.S. Department of Energy, Office of Natural Gas Regulatory Activities, FE-34, P.O. Box 44375, Washington, D.C. 20026-4375.

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