

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

December 24, 2003

In Reply Refer To:

EnCana Border Pipelines Limited  
Omimex Canada, Ltd.  
Docket No. CP04-10-000  
Presidential Permit

The Honorable Colin L. Powell  
Secretary of State  
Washington, D.C. 20520

Dear Mr. Secretary:

Pursuant to the provisions of Executive Order Nos. 10485 and 12038 of September 1, 1953, and February 3, 1978, respectively, and the Secretary of Energy's Delegation Order No. 0204-112, effective February 22, 1984, enclosed herewith for your information and consideration is a copy of an application filed jointly by EnCana Border Pipelines Limited (EnCana Border) and Omimex Canada, Ltd. (Omimex) (collectively "applicants") with the Federal Energy Regulatory Commission on October 24, 2003, in Docket No. CP04-10-000.

In the October 24, 2003 filing, the applicants seek to amend the Presidential Permit issued to 3698157 Canada Ltd. (Canada Ltd.), EnCana Borders' predecessor, on January 11, 2001, Montana Power Company and 3698157 Canada Ltd., 94 FERC ¶ 61,024 (2001), authorizing Canada Ltd. to operate, maintain, and connect certain natural gas facilities at the United States/Canada international boundary near Regan, Alberta and Del Bonita, Montana. Specifically, the applicants request that the authorization under Section 3 of the Natural Gas Act and Presidential Permit held in the name of Canada Ltd. be changed to insert Omimex's name in lieu of Canada Ltd. to recognize the sale of the facilities by EnCana Border to Omimex. The requested new Section 3 authorization and Presidential Permit are to be held by Omimex. The transfer of the facilities will not affect the underlying use of the facilities or the services that are currently provided to customers on the facilities.

EnCana Border is a wholly owned subsidiary of EnCana Resources Inc. EnCana Resources Inc., is a wholly owned subsidiary of EnCana Corporation, a Canadian Federal corporation incorporated under the Canada Business Corporation Act. EnCana Border's principal office is located at 1800, 855 – 2nd Street, S.W., Calgary, Alberta, T2P3V4, Canada. Applicants explain that the current Permittee, Canada Ltd., changed its name to PanCanadian Border Pipelines Limited and then to EnCana Border Pipelines Limited as a result of the merger of PanCanadian Energy Corporation and Alberta Energy Company in April 2002. The Permittee did not apply to change the name of the Permittee. Applicants maintain that the name changes have had no effect on the operation or ownership of the facilities covered by the Permit and ask the Commission to waive, to the extent necessary, any regulation in order to allow the Section 3 authorization and Permit to be transferred to Omimex.

Omimex, a corporation organized and existing under the laws of the State of Delaware, is a wholly owned subsidiary of Omimex Resources, Inc. (Omimex Resources), also organized and existing under the laws of the State of Delaware. Omimex operates Omimex Resources' oil and gas properties in Canada. Omimex Resources is an independent energy company engaged in the exploration, development, acquisition and operation of oil and gas properties. Omimex's principal office is located at 5608 Malvey Avenue, Penthouse Suite, Fort Worth, Texas, 76107.

The applicants indicate that EnCana Marketing (USA) currently imports gas through the facilities pursuant to a blanket authorization issued by the Department of Energy (DOE/FE Order No. 1891 (August 26, 2003)). The gas is sold in Montana and other states, with most of the gas going to serve Montana Power Gas Company's (MPGas) core customers. MPGas was acquired by Northwestern Corporation, which company currently owns the facilities to which EnCana Border's facilities interconnect. The applicants state that the transportation service provided by EnCana Border is a gathering service and is exempt from jurisdiction of the Commission pursuant to Section 1(b) of the Natural Gas Act (15 U.S.C. § 717(b)).

Pending the required regulatory approvals, Omimex intends to import gas through the facilities it would acquire from EnCana Border. The applicants indicate that the transportation services Omimex will provide also will be exempt gathering services pursuant to Section 1(b) of the Natural Gas Act. The applicants assert that the transfer of the authorization under Section 3 of the Natural Gas Act and the Permit will improve Omimex's access to supplies of natural gas and will enhance the reliability and flexibility of Omimex's pipeline system. The applicants state that the transfer will also enhance competition within the United States. Further, they state that Omimex will honor all existing transportation arrangements after the transfer.

Also enclosed for your consideration is a draft copy of the amended Presidential Permit to be issued to Omimex, which incorporates terms and conditions you and the Secretary of Defense have heretofore required in similar cases. Consistent with current Commission policy, there are two substantive differences between the draft Permit and the existing Permit. Article 3 of the draft Permit does not limit the use of the subject facilities to the importation of gas. Thus, the facilities may be used for importation or exportation as consistent with current and future authorizations by the Department of Energy. Article 9 is revised to state that the Permittee is required to defer to the Commission's finding and requirement regarding which authorized facilities should be removed and which should remain in place, in the event that they are no longer used.

A similar letter, together with a draft of the proposed Presidential Permit and a copy of the application, is being sent to the Secretary of Defense. If the Secretary of Defense should make an unfavorable recommendation or propose any material change in the draft of the Permit, the Commission will immediately advise you.

The Commission would appreciate receiving your views regarding issuance of the proposed amended Permit at an early date. Please do not hesitate to contact me at (202) 502-8400, or Amy Heyman at (202) 502-8115, if you need any further information.

By direction of the Commission.

Linda Mitry,  
Acting Secretary.

Enclosures:  
Application  
Draft Permit

**AMENDED PERMIT AUTHORIZING ENCANA BORDER PIPELINES  
(ENCANA BORDER) TO TRANSFER TO OMIMEX CANADA, LTD.  
AUTHORIZATION HELD IN THE NAME OF 3698157 CANADA LTD. (NOW  
ENCANA BORDER) TO OPERATE AND MAINTAIN NATURAL GAS  
FACILITIES AT THE INTERNATIONAL BOUNDARY BETWEEN THE  
UNITED STATES AND CANADA**

**FEDERAL ENERGY REGULATIONS COMMISSION  
Docket Nos. CP04-10-000**

EnCana Border, a wholly owned subsidiary of EnCana Energy Resources Inc., which is a wholly owned subsidiary of EnCana Corporation, incorporated under the laws of Canada, and Omimex Canada, Ltd. (Omimex), a Delaware corporation and wholly owned subsidiary of Omimex Resources, Inc., also a Delaware corporation, filed on October 24, 2003 in Docket No. CP04-10-000 an application pursuant to Executive Order Nos. 10485 and 12038 and the Secretary of Energy's Delegation Order No. 0204-112, requesting that the Commission issue an order: (1) authorizing EnCana Border to transfer to Omimex existing Natural Gas Act Section 3 authorization (held in the name of EnCana Border's predecessor, 3698157 Canada Ltd.) to site, construct and operate facilities at Regan, Alberta, and Del Bonita, Montana, for the importation of natural gas into the United States; and (2) authorizing EnCana Border to assign to Omimex the November 20, 1981 Presidential Permit which was issued to 3698157 Canada Ltd. authorizing it to construct, operate, and maintain facilities at the Regan/Del Bonita import point.

By letter dated 2004, the Secretary of State, and by letter dated 2004, the Secretary of Defense favorably recommended that the amended Permit be granted. The Federal Energy Regulatory Commission finds that the issuance of an amended Permit, reflecting the name changes of various companies, to Omimex is appropriate and consistent with the public interest.

Pursuant to the provisions of Executive Order Nos. 10485 and 12038, dated September 3, 1953, and February 3, 1978, respectively, the Secretary of Energy's Delegation Order No. 0204-112, effective February 22, 1984, and the Commission's regulations, permission is granted to Omimex (Permittee) to operate and maintain the natural gas facilities described in Article 2 below, upon the terms and conditions of the Permit.

Article 1. It is expressly agreed by the Permittee that the facilities herein described shall be subject to all provisions and requirements of this Permit. This Permit may be modified or revoked by the President of the United States or the Federal Energy

Regulatory Commission and may be amended by the Federal Energy Regulatory Commission, upon proper application therefor.

Article 2. The following facilities are subject to this Permit:

At a point of interconnection with the facilities of EnCana Border on the international boundary between the United States and Canada in Glacier County, Montana, a Section of 4 1/2-inch pipe extending from such interconnection in a southerly direction for approximately 1 mile to a point of interconnection with Northwest Corporation's (formerly Montana Power Gas Company) gathering facilities.

Article 3. The natural gas facilities authorized herein, or which may subsequently be included herein by modification or amendment, may be utilized for the importation or exportation of natural gas between the United States and Canada only in the amount, at the rate, and in the manner authorized under Section 3 of the Natural Gas Act.

Article 4. The operation and maintenance of the aforesaid facilities shall be subject to the inspection and approval of representatives of the United States. The Permittee shall allow officers and employees of the United States, showing proper credentials, free and unrestricted access to the land occupied by the facilities in the performance of their official duties.

Article 5. If in the future it should appear to the Secretary of the Army that any facilities or operations permitted hereunder cause unreasonable obstruction to the free navigation of any of the navigable waters of the United States, the Permittee may be required, upon notice from the Secretary of the Army, to remove or alter the same so as to render navigation through such waters free and unobstructed.

Article 6. The Permittee shall be liable for all damages occasioned to the property of others by the operation or maintenance of the facilities, and in no event shall the United States be liable therefor. The Permittee shall do everything reasonable within its power to prevent or suppress fires on or near land occupied under this Permit.

Article 7. The Permittee agrees to file with the Commission, under oath and in such detail as the Commission may require, such statements or reports with respect to the natural gas exported, imported, or the facilities described herein, as the Commission may, from time to time, request. Such information may be made available to any federal, state, or local agency requesting such information.

Article 8. Neither this Permit nor the facilities, nor any part thereof, covered by this Permit shall be voluntarily transferred in any manner, but the Permit shall continue in effect temporarily for a reasonable time in the event of the involuntary transfer of the facilities by operation of law (including transfer to receivers, trustees, or purchasers under foreclosure or judicial sale) pending the making of an application for a permanent Permit and decision thereon, provided notice is promptly given in writing to the Commission accompanied by a statement that the facilities authorized by this Permit remain substantially the same as before the involuntary transfer. The Permittee shall maintain the facilities in a condition of repair for the efficient transportation of natural gas and shall make all necessary renewals and replacement.

Article 9. Upon the termination, revocation, or surrender of this Permit, the Commission shall determine which of the authorized facilities shall be removed and which shall remain in place. The facilities authorized shall be removed within such time as the Commission may specify, and at the Permittee's expense. Upon failure of the Permittee to comply with the Commission's direction to remove any authorized facilities, or any portion thereof, the Commission may direct that possession of the same be taken and the facilities be removed at the Permittee's expense, and the Permittee shall have no claim for damages by reason of such possession or removal.

Article 10. The Permittee agrees that when, in the opinion of the President of the United States, evidenced by a written order addressed to it as holder of this Permit, the safety of the United States demands it, the United States shall have the right to enter upon and take possession of any of the facilities, or parts thereof, maintained or operated under this Permit, and all contracts covering the transportation or sale of natural gas by means of said facilities, to retain possession, management, and control thereof for such length of time as may appear to the President to be necessary to accomplish said purposes, and then to restore possession and control to the Permittee; and in the event that the United States shall exercise such right it shall pay the Permittee just and fair compensation for the use of said facilities upon the basis of a reasonable profit in time of peace, and the cost of restoring said facilities to as good condition as existed at the time of taking over thereof, less the reasonable value of any improvements that may be made thereto by the United States and which are valuable and serviceable to the Permittee.

Article 11. This Permit is subject to any action which the Government of the United States may in the future deem expedient or necessary to take in case any part of the aforesaid facilities comes into the control of any foreign government.

Article 12. The Government of the United States shall be entitled to the same or similar privileges as may by law, regulation, agreement, or otherwise, be granted by the Permittee to any foreign government.

By direction of the Commission.

Secretary

IN TESTIMONY OF ACCEPTANCE of all the provisions, conditions and requirements of this Permit, the Permittee this day of \_\_, 2004 has caused its name to be signed by \_\_, [pursuant to a resolution of its Board of Directors duly adopted] on the \_\_ day of \_\_, 2004, a certified copy of the record of which is attached hereto.

Omimex Canada, Ltd.

By \_\_\_\_\_

(Attest)

\_\_\_\_\_

Executed in triplicate

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

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Omimex Canada, Ltd.  
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The Honorable Donald H. Rumsfeld  
Secretary of Defense  
Washington, D.C. 20301

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By letter dated 2004, the Secretary of State, and by letter dated 2004, the Secretary of Defense favorably recommended that the amended Permit be granted. The Federal Energy Regulatory Commission finds that the issuance of an amended Permit is appropriate and consistent with the public interest.

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Article 1. It is expressly agreed by the Permittee that the facilities herein described shall be subject to all provisions and requirements of this Permit. This Permit may be modified or revoked by the President of the United States or the Federal Energy

Regulatory Commission and may be amended by the Federal Energy Regulatory Commission, upon proper application therefor.

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Article 3. The natural gas facilities authorized herein, or which may subsequently be included herein by modification or amendment, may be utilized for the importation or exportation of natural gas between the United States and Canada only in the amount, at the rate, and in the manner authorized under Section 3 of the Natural Gas Act.

Article 4. The operation and maintenance of the aforesaid facilities shall be subject to the inspection and approval of representatives of the United States. The Permittee shall allow officers and employees of the United States, showing proper credentials, free and unrestricted access to the land occupied by the facilities in the performance of their official duties.

Article 5. If in the future it should appear to the Secretary of the Army that any facilities or operations permitted hereunder cause unreasonable obstruction to the free navigation of any of the navigable waters of the United States, the Permittee may be required, upon notice from the Secretary of the Army, to remove or alter the same so as to render navigation through such waters free and unobstructed.

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Article 7. The Permittee agrees to file with the Commission, under oath and in such detail as the Commission may require, such statements or reports with respect to the natural gas exported, imported, or the facilities described herein, as the Commission may, from time to time, request. Such information may be made available to any federal, state, or local agency requesting such information.

Article 8. Neither this Permit nor the facilities, nor any part thereof, covered by this Permit shall be voluntarily transferred in any manner, but the Permit shall continue in effect temporarily for a reasonable time in the event of the involuntary transfer of the facilities by operation of law (including transfer to receivers, trustees, or purchasers under foreclosure or judicial sale) pending the making of an application for a permanent Permit and decision thereon, provided notice is promptly given in writing to the Commission accompanied by a statement that the facilities authorized by this Permit remain substantially the same as before the involuntary transfer. The Permittee shall maintain the facilities in a condition of repair for the efficient transportation of natural gas and shall make all necessary renewals and replacement.

Article 9. Upon the termination, revocation, or surrender of this Permit, the Commission shall determine which of the authorized facilities shall be removed and which shall remain in place. The facilities authorized shall be removed within such time as the Commission may specify, and at the Permittee's expense. Upon failure of the Permittee to comply with the Commission's direction to remove any authorized facilities, or any portion thereof, the Commission may direct that possession of the same be taken and the facilities be removed at the Permittee's expense, and the Permittee shall have no claim for damages by reason of such possession or removal.

Article 10. The Permittee agrees that when, in the opinion of the President of the United States, evidenced by a written order addressed to it as holder of this Permit, the safety of the United States demands it, the United States shall have the right to enter upon and take possession of any of the facilities, or parts thereof, maintained or operated under this Permit, and all contracts covering the transportation or sale of natural gas by means of said facilities, to retain possession, management, and control thereof for such length of time as may appear to the President to be necessary to accomplish said purposes, and then to restore possession and control to the Permittee; and in the event that the United States shall exercise such right it shall pay the Permittee just and fair compensation for the use of said facilities upon the basis of a reasonable profit in time of peace, and the cost of restoring said facilities to as good condition as existed at the time of taking over thereof, less the reasonable value of any improvements that may be made thereto by the United States and which are valuable and serviceable to the Permittee.

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By direction of the Commission.

Secretary

IN TESTIMONY OF ACCEPTANCE of all the provisions, conditions and requirements of this Permit, the Permittee this day of \_\_, 2004 has caused its name to be signed by \_\_, [pursuant to a resolution of its Board of Directors duly adopted] on the \_\_ day of \_\_, 2004, a certified copy of the record of which is attached hereto.

Omimex Canada, Ltd.

By \_\_\_\_\_

(Attest)

\_\_\_\_\_

Executed in triplicate

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

December 24, 2003

In Reply Refer To:

Chinook Pipeline Company  
Omimex Canada, Ltd.  
Docket No. CP04-11-000  
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The Honorable Colin L. Powell  
Secretary of State  
Washington, D.C. 20520

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In the October 24, 2003 filing, the applicants seek to amend the Presidential Permit issued to Chinook on January 10, 2001, Chinook Pipeline Company, 94 FERC ¶ 61,017 (2001), authorizing Chinook to operate, maintain, and connect certain natural gas facilities at the United States/Canada international boundary in Blaine County, Montana near Loomis, Saskatchewan, Canada. Specifically, the applicants request that the authorization under Section 3 of the Natural Gas Act and Presidential Permit held in the name of Chinook be changed to insert Omimex's name in lieu of Chinook to recognize the sale of the facilities by Chinook to Omimex. The requested new Section 3 authorization and Presidential Permit are to be held by Omimex. The transfer of the facilities will not affect the underlying use of the facilities or the services that are currently provided to customers on the facilities.

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The applicants indicate that Chinook currently exports gas not required for local consumption through the facilities pursuant to a blanket authorization issued by the Department of Energy (DOE/FE Order No. 1615-A (December 4, 2000)). The gas is transported from the tailgate of the Battle Creek gas plant in Blaine County, Montana to the United States/Canadian border near Loomis, Saskatchewan. The gas is sold to various third parties in Canada off of TransCanada's pipeline system. Because the facilities were constructed and only have been utilized for the exportation of natural gas from one state to the border, the facilities are used to transport gas in Foreign Commerce. Therefore, the Commission's jurisdiction over the facilities is limited to their siting, construction, and operation under Section 3 of the Natural Gas Act and the transportation services are exempt from the Commission's jurisdiction under Sections 4 and 7 of the Natural Gas Act.

Pending the required regulatory approvals, Omimex intends to export gas through the facilities it would acquire from Chinook also for sale to third parties off of TransCanada's pipeline system. The applicants state that the transfer will also enhance competition within the United States and between the United States and Canada for the sale of natural gas supplies. Further, they state that Omimex will honor all existing transportation arrangements after the transfer.

Also enclosed for your consideration is a draft copy of the amended Presidential Permit to be issued to Omimex, which incorporates terms and conditions you and the Secretary of Defense have heretofore required in similar cases. Consistent with current Commission policy, there are two substantive differences between the draft Permit and the existing Permit. Article 3 of the draft Permit does not limit the use of the subject facilities to the importation of gas. Thus, the facilities may be used for importation or exportation as consistent with current and future authorizations by the Department of

Energy. Article 9 is revised to state that the Permittee is required to defer to the Commission's finding and requirement regarding which authorized facilities should be removed and which should remain in place, in the event that they are no longer used.

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Acting Secretary.

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TRANSFER TO OMIMEX CANADA LIMITED SECTION 3 AUTHORIZATION  
AND PRESIDENTIAL PERMIT TO SITE, CONSTRUCT, OPERATE, AND  
MAINTAIN FACILITIES FOR THE EXPORTATION OF NATURAL GAS AT  
THE INTERNATIONAL BOUNDARY BETWEEN THE UNITED STATES AND  
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By letter dated , 2004, the Secretary of State, and by letter dated, 2004, the Secretary of Defense favorably recommended that the Permit be granted. The Federal Energy Regulatory Commission finds that the issuance of a Permit is appropriate and consistent with the public interest.

Pursuant to the provisions of Executive Order Nos. 10485 and 12038, dated September 3, 1953, and February 3, 1978, respectively, the Secretary of Energy's Delegation Order No. 0204-112, effective February 22, 1984, and the Commission's regulations, the amended Presidential Permit is hereby issued, as well as the authorization requested under Section 3 of the Natural Gas Act to allow Permittee to site, construct, operate, and maintain, the natural gas facilities described in Article 2 below, upon the terms and conditions of the Permit.

Article 1. It is expressly agreed by the Permittee that the facilities herein described shall be subject to all provisions and requirements of this Permit. This Permit may be modified or revoked by the President of the United States or the Federal Energy Regulatory Commission, and may be amended by the Federal Energy Regulatory Commission, upon proper application therefor.

Article 2. The following facilities are subject to this amended Permit:

A 15.7 mile long, six-inch diameter gas pipeline from existing Battle Creek natural gas plant in Blaine County, Montana to the United States-Canadian border. The facilities subject to this permit are those immediately next to where the proposed line will cross the international boundary and connect to a receipt point at Loomis, Saskatchewan, Canada. The capacity of these facilities is limited to 15,000 Mcf of natural gas per day.

Article 3. The natural gas facilities authorized herein, or which may subsequently be included herein by modification or amendment, may be utilized for the exportation or importation of natural gas between the United States and Canada only in the amount, at the rate, and in the manner authorized under Section 3 of the Natural Gas Act.

Article 4. The siting, construction, operation, maintenance and connection of the aforesaid facilities shall be subject to the inspection and approval of representatives of the United States. The Permittee shall allow officers and employees of the United States, showing proper credentials, free and unrestricted access to the land occupied by the facilities in the performance of their official duties.

Article 5. If in the future it should appear to the Secretary of the Army that any facilities or operations permitted hereunder cause unreasonable obstruction to the free navigation of any of the navigable waters of the United States, the Permittee may be required, upon notice from the Secretary of the Army, to remove or alter the same so as to render navigation through such waters free and unobstructed.

Article 6. The Permittee shall be liable for all damages occasioned to the property of others by the operation or maintenance of the facilities, and in no event shall the United States be liable therefor. The Permittee shall do everything reasonable within its power to prevent or suppress fires on or near land occupied under this Permit.

Article 7. The Permittee agrees to file with the Commission, under oath and in such detail as the Commission may require, such statements or reports with respect to the natural gas exported, imported, or the facilities described herein, as the Commission may, from time to time, request. Such information may be made available to any federal, state, or local agency requesting such information.

Article 8. Neither this Permit nor the facilities, nor any part thereof, covered by this Permit shall be voluntarily transferred in any manner, but the Permit shall continue in effect temporarily for a reasonable time in the event of the involuntary transfer of the facilities by operation of law (including transfer to receivers, trustees, or purchasers under

foreclosure or judicial sale) pending the making of an application for a permanent Permit and decision thereon, provided notice is promptly given in writing to the Commission accompanied by a statement that the facilities authorized by this Permit remain substantially the same as before the involuntary transfer. The Permittee shall maintain the facilities in a condition of repair for the efficient transportation of natural gas and shall make all necessary renewals and replacement.

Article 9. Upon the termination, revocation, or surrender of this Permit, the Commission shall determine which of the authorized facilities shall be removed and which shall remain in place. The facilities shall be removed within such time as the Commission may specify, and at the expense of the Permittee. Upon failure of the Permittee to remove such transportation facilities or any portion thereof, the Commission may direct that possession of the same be taken and the facilities be removed, at the expense of the Permittee, and the Permittee shall have no claim for damages by reason of such possession or removal.

Article 10. The Permittee agrees that when, in the opinion of the President of the United States, evidenced by a written order addressed to it as holder of this Permit, the safety of the United States demands it, the United States shall have the right to enter upon and take possession of any of the facilities, or parts thereof, maintained or operated under this Permit, and all contracts covering the transportation or sale of natural gas by means of said facilities, to retain possession, management, and control thereof for such length of time as may appear to the President to be necessary to accomplish said purposes, and then to restore possession and control to the Permittee; and in the event that the United States shall exercise such right it shall pay the Permittee just and fair compensation for the use of said facilities upon the basis of a reasonable profit in time of peace, and the cost of restoring said facilities to as good condition as existed at the time of taking over thereof, less the reasonable value of any improvements that may be made thereto by the United States and which are valuable and serviceable to the Permittee.

Article 11. This Permit is subject to any action which the Government of the United States may in the future deem expedient or necessary to take in case any part of the aforesaid facilities comes into the control of any foreign government.

Article 12. The Government of the United States shall be entitled to the same or similar privileges as may by law, regulation, agreement, or otherwise, be granted by the Permittee to any foreign government.

By direction of the Commission.

Secretary

IN TESTIMONY OF ACCEPTANCE of all the provisions, conditions and requirements of this Permit, the Permittee this day of \_\_, 2004 has caused its name to be signed by \_\_\_\_, pursuant to a resolution of its Board of Directors duly adopted on the \_\_\_\_ day of \_\_, 2004, a certified copy of the record of which is attached hereto.

Omimex Canada, Limited

By \_\_\_\_\_

(Attest)

\_\_\_\_\_

Executed in triplicate

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

December 24, 2003

In Reply Refer To:

Chinook Pipeline Company  
Omimex Canada, Ltd.  
Docket No. CP04-11-000  
Presidential Permit

The Honorable Donald H. Rumsfeld  
Secretary of Defense  
Washington, D.C. 20301

Dear Mr. Secretary:

Pursuant to the provisions of Executive Order Nos. 10485 and 12038 of September 1, 1953, and February 3, 1978, respectively, and the Secretary of Energy's Delegation Order No. 0204-112, effective February 22, 1984, enclosed herewith for your information and consideration is a copy of an application filed jointly by Chinook Pipeline Company (Chinook) and Omimex Canada, Ltd. (Omimex) (collectively "applicants") with the Federal Energy Regulatory Commission on October 24, 2003, in Docket No. CP04-11-000.

In the October 24, 2003 filing, the applicants seek to amend the Presidential Permit issued to Chinook on January 10, 2001, Chinook Pipeline Company, 94 FERC ¶ 61,017 (2001), authorizing Chinook to operate, maintain, and connect certain natural gas facilities at the United States/Canada international boundary in Blaine County, Montana near Loomis, Saskatchewan, Canada. Specifically, the applicants request that the authorization under Section 3 of the Natural Gas Act and Presidential Permit held in the name of Chinook be changed to insert Omimex's name in lieu of Chinook to recognize the sale of the facilities by Chinook to Omimex. The requested new Section 3 authorization and Presidential Permit are to be held by Omimex. The transfer of the facilities will not affect the underlying use of the facilities or the services that are currently provided to customers on the facilities.

Chinook is a wholly owned subsidiary of EnCana Resources Inc. (EnCana Resources). EnCana Resources is a wholly owned subsidiary of EnCana Corporation, a Canadian Federal corporation incorporated under the Canada Business Corporation Act. EnCana Border's principal office is located at 1800, 855 – 2nd Street, S.W., Calgary, Alberta, T2P3V4, Canada.

Omimex, a corporation organized and existing under the laws of the State of Delaware, is a wholly owned subsidiary of Omimex Resources, Inc. (Omimex Resources), also organized and existing under the laws of the State of Delaware. Omimex operates Omimex Resources' oil and gas properties in Canada. Omimex Resources is an independent energy company engaged in the exploration, development, acquisition and operation of oil and gas properties. Omimex's principal office is located at 5608 Malvey Avenue, Penthouse Suite, Fort Worth, Texas, 76107.

The applicants indicate that Chinook currently exports gas not required for local consumption through the facilities pursuant to a blanket authorization issued by the Department of Energy (DOE/FE Order No. 1615-A (December 4, 2000)). The gas is transported from the tailgate of the Battle Creek gas plant in Blaine County, Montana to the United States/Canadian border near Loomis, Saskatchewan. The gas is sold to various third parties in Canada off of TransCanada's pipeline system. Because the facilities were constructed and only have been utilized for the exportation of natural gas from one state to the border, the facilities are used to transport gas in Foreign Commerce. Therefore, the Commission's jurisdiction over the facilities is limited to their siting, construction, and operation under Section 3 of the Natural Gas Act and the transportation services are exempt from the Commission's jurisdiction under Sections 4 and 7 of the Natural Gas Act.

Pending the required regulatory approvals, Omimex intends to export gas through the facilities it would acquire from Chinook also for sale to third parties off of TransCanada's pipeline system. The applicants state that the transfer will also enhance competition within the United States and between the United States and Canada for the sale of natural gas supplies. Further, they state that Omimex will honor all existing transportation arrangements after the transfer.

Also enclosed for your consideration is a draft copy of the amended Presidential Permit to be issued to Omimex, which incorporates terms and conditions you and the Secretary of State have heretofore required in similar cases. Consistent with current Commission policy, there are two substantive differences between the draft Permit and the existing Permit. Article 3 of the draft Permit does not limit the use of the subject facilities to the importation of gas. Thus, the facilities may be used for importation or exportation as consistent with current and future authorizations by the Department of

Energy. Article 9 is revised to state that the Permittee is required to defer to the Commission's finding and requirement regarding which authorized facilities should be removed and which should remain in place, in the event that they are no longer used.

A similar letter, together with a draft of the proposed Presidential Permit and a copy of the application, is being sent to the Secretary of State. If the Secretary of State should make an unfavorable recommendation or propose any material change in the draft of the Permit, the Commission will immediately advise you.

The Commission would appreciate receiving your views regarding issuance of the proposed amended Permit at an early date. Please do not hesitate to contact me at (202) 502-8400, or Amy Heyman at (202) 502-8115, if you need any further information.

By direction of the Commission.

Linda Mitry,  
Acting Secretary.

Enclosures:

Application  
Draft Permit

**AMENDED PERMIT AUTHORIZING CHINOOK PIPELINE COMPANY TO  
TRANSFER TO OMIMEX CANADA LIMITED SECTION 3 AUTHORIZATION  
AND PRESIDENTIAL PERMIT TO SITE, CONSTRUCT, OPERATE, AND  
MAINTAIN FACILITIES FOR THE EXPORTATION OF NATURAL GAS AT  
THE INTERNATIONAL BOUNDARY BETWEEN THE UNITED STATES AND  
CANADA**

**FEDERAL ENERGY REGULATORY COMMISSION  
DOCKET NO. CP04-11-000**

(Issued, 2003)

Chinook Pipeline Company (Chinook) and Omimex Canada, Ltd (Omimex), filed on October 24, 2003, in Docket No. CP004-11-000, an application, pursuant to Executive Order Nos. 10485 and 12038 and the Secretary of Energy's Delegation Order No. 0204-112, and Section 3 of the Natural Gas Act, requesting the Commission to issue an order: (1) authorizing Chinook to transfer to Omimex its existing Natural Gas Act Section 3 authorization to site, construct and operate facilities at the international boundary between the United States and Canada in Blaine County, Montana and near Loomis, Saskatchewan, Canada for the exporation of nautral gas to Canada; and (2) authorizing Chinook to transfer to Omimex the January 10, 2001 Presidential Permit authorizing Chinook to construct, operate and maintain facilities at the boundary point referenced above.

By letter dated , 2004, the Secretary of State, and by letter dated, 2004, the Secretary of Defense favorably recommended that the Permit be granted. The Federal Energy Regulatory Commission finds that the issuance of a Permit is appropriate and consistent with the public interest.

Pursuant to the provisions of Executive Order Nos. 10485 and 12038, dated September 3, 1953, and February 3, 1978, respectively, the Secretary of Energy's Delegation Order No. 0204-112, effective February 22, 1984, and the Commission's regulations, the amended Presidential Permit is hereby issued, as well as the authorization requested under Section 3 of the Natural Gas Act to allow Permittee to site, construct, operate, and maintain, the natural gas facilities described in Article 2 below, upon the terms and conditions of the Permit.

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By direction of the Commission.

Secretary

IN TESTIMONY OF ACCEPTANCE of all the provisions, conditions and requirements of this Permit, the Permittee this day of \_\_, 2004 has caused its name to be signed by \_\_\_\_\_, pursuant to a resolution of its Board of Directors duly adopted on the \_\_\_\_ day of \_\_, 2004, a certified copy of the record of which is attached hereto.

Omimex Canada, Limited

By \_\_\_\_\_

(Attest)

\_\_\_\_\_

Executed in triplicate