

Cited as "1 ERA Para. 70,742"

Victoria Gas Company (ERA Docket No. 87-48-NG), December 17, 1987.

## DOE/ERA Opinion and Order No. 211

### Order Granting Blanket Authorization to Export Natural Gas

#### I. Background

On August 31, 1987, Victoria Gas Corporation (Victoria) filed an application with the Economic Regulatory Administration (ERA) of the Department of Energy (DOE), pursuant to Section 3 of the Natural Gas Act (NGA), and DOE Delegation Order No. 0204-111, for blanket authorization to export up to 72 Bcf of natural gas to Canada over a term of two years, beginning on the date of first delivery, for sales to spot market purchasers. Victoria is a privately owned Houston, Texas, corporation which shares common stock ownership, officers, and directors with Ken Petroleum Corporation, a U.S. producer of oil and natural gas. Victoria is also a marketer of natural gas supplies, acting as agent on behalf of both producers and purchasers. Victoria states that it will utilize existing facilities of U.S. pipelines for the transportation of the gas supplies to be exported, and that construction of new facilities is not envisioned.

Victoria states that all the gas to be exported is incremental to the needs of current purchasers of natural gas from the states of Kansas, Louisiana, Oklahoma and Texas and there is no present national need for the gas to be exported.

Victoria maintains that its proposed export arrangement is fully consistent with the public interest requirement of Section 3 of the NGA and that its gas supplies are more than adequate to provide the requested export authorization.

The ERA issued a notice of the application on October 7, 1987, inviting protests, motions to intervene, notices of intervention, and comments to be filed by November 7, 1987.<sup>1</sup> The ERA received a motion to intervene, without comment or request for additional procedures, from Pacific Gas Transmission Company. This order grants intervention to this intervenor.

#### II. Decision

The application filed by Victoria has been evaluated in accordance with

the Administrator's authority to determine if the proposed export arrangement meets the public interest requirements of Section 3 of the NGA. Under Section 3 an export is to be authorized unless there is a finding that it "will not be consistent with the public interest." 2/ In reviewing natural gas export applications, the ERA considers the domestic need for the gas to be exported, and any other issues determined by the Administrator to be appropriate in a particular case.

Victoria's arrangement for the export of natural gas, as set forth in the application, is consistent with the DOE's international gas trade policy and Section 3 of the NGA. The current gas surplus, together with the short term requested and the fact that no party has argued that the gas proposed to be exported is needed domestically, indicates that a domestic need for this gas is not and will not be an issue during the term of this authorization. The ERA also finds that Victoria's export proposal, like other similar blanket export arrangements recently approved by the ERA,<sup>3/</sup> will further the goals of reducing trade barriers and encouraging market forces between the U.S. and Canada.

After taking into consideration all the information in the record of this proceeding, I find that granting Victoria's blanket authority to export to Canada up to 72 Bcf of domestic natural gas over a term of two years is not inconsistent with the public interest.<sup>4/</sup>

#### ORDER

For the reasons set forth above, pursuant to Section 3 of the Natural Gas Act, it is ordered that:

A. Victoria Gas Corporation (Victoria) is authorized to export up to 72 Bcf of natural gas to Canada over a two-year period, beginning on the date of first delivery.

B. Victoria shall notify the Economic Regulatory Administration (ERA) in writing of the date of first delivery of natural gas exported under Ordering Paragraph A above within two weeks after the date of such delivery.

C. With respect to the exports authorized by this Order, Victoria shall file with the ERA within 30 days following each calendar quarter, quarterly reports indicating whether sales of exported gas have been made and, if so, giving, by month, the total volume of exports in MMcf and the average selling price per MMBtu at the international border. The reports shall also provide the details of each transaction, including the names of the sellers and

purchasers, estimated or actual duration of the arrangements, transporters, points of exit, markets served and, if applicable, any demand/commodity charge breakdown of the contract price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions.

D. The motion to intervene, as set forth in this Opinion and Order, is hereby granted, provided that participation of the intervenor shall be limited to matters specifically set forth in its motion to intervene and not herein specifically denied, and that the admission of such intervenor shall not be construed as recognition that it might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on December 17, 1987.

--Footnotes--

1/ 52 FR 37498, October 7, 1987.

2/ 15 U.S.C. Sec. 717b.

3/ See e.g., Hadson Canada, Inc., 1 ERA Para. 70,667 (September 9, 1986); Natgas (U.S.), Inc., 1 ERA Para. 70,668 (September 23, 1986); Yankee International Company, 1 ERA Para. 70,670 (September 26, 1986).

4/ Because the proposed exportation of gas will use existing pipeline facilities, the DOE has determined that granting this application is clearly not a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act (42 U.S.C. 4321, et seq.) and therefore an environmental impact statement or environmental assessment is not required.