

Cited as "1 ERA Para. 70,777"

Unicorp Energy, Inc. (ERA Docket No. 87-55-NG), February 5, 1988.

DOE/ERA Opinion and Order No. 224

Order Granting Blanket Authorization to Export Natural Gas to Canada

I. Background

On October 8, 1987, Unicorp Energy, Inc. (Unicorp), 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 145 Bcf of natural gas to Canada over a term of two years, beginning on the date of first delivery, for sales on a short-term basis to spot market purchasers. Unicorp, a Delaware corporation, is a wholly-owned subsidiary of Unicorp Canada corporation. Unicorp is a marketer of natural gas supplies, acting as an agent on behalf of both purchasers and producers.

Unicorp expects to secure quantities of natural gas in the United States from a variety of suppliers located principally in Texas, Oklahoma, and Kansas. Unicorp may also secure transportation arrangements for the gas to be exported or may act as an agent on behalf of producers and purchasers. No new facilities are anticipated to be constructed for the proposed exportation of the natural gas. Unicorp proposes to file quarterly reports on the specifics of the export arrangements.

In support of its application, Unicorp maintains that its proposed export arrangement is fully consistent with the public interest requirement of Section 3 of the NGA and with the DOE's policies on international gas trade. Unicorp states that, given the existing surplus of natural gas in the United States, the requested authorization would be especially beneficial to the public interest. The applicant maintains that sales under the proposed export will reduce the U.S. trade deficit and provide gas sellers facing a continuing deliverability surplus an opportunity to expand markets.

The ERA issued a notice of the application on December 2, 1987, inviting protests, motions to intervene, notices of intervention, and comments to be filed by January 4, 1988.¹ No comments or motions to intervene were received.

II. Decision

The application filed by Unicorp has been evaluated to determine if the proposed export arrangement meets the public interest requirements of Section 3 of the NGA. Under Section 3 an export must be authorized unless ERA finds 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.

Unicorp's arrangement for the export of natural gas, as set forth in the application, is consistent with 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 domestic need for this gas is not currently and is unlikely to become an issue during the term of this authorization. The ERA also finds that Unicorp's export proposal, like other similar blanket export arrangements recently approved by the ERA,^{3/} will further the policy goals of reducing trade barriers and encouraging market forces to achieve a more competitive distribution of goods between the U.S. and Canada.

After taking into consideration all the information in the record of this proceeding, I find that granting Unicorp blanket authority to export up to 145 Bcf of domestic natural gas over a term of two years is not inconsistent with the public interest.^{4/}

ORDER

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

A. Unicorp Energy, Inc. (Unicorp), is authorized to export up to 145 Bcf of natural gas to Canada over a two-year period, beginning on the date of first delivery.

B. This natural gas may be exported at any point on the international border where existing pipeline facilities are located.

C. Unicorp shall notify the 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.

D. With respect to the exports authorized by this Order, Unicorp 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, including those other than Unicorp, estimated or actual duration of the agreements, 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.

Issued in Washington, D.C., on February 5, 1988.

--Footnotes--

1/ 52 FR 45854, December 2, 1987.

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

3/ See Vector Energy (U.S.A.) Inc., 1 ERA Para. 70,725 (October 5, 1987); Northridge Petroleum Marketing U.S., Inc., 1 ERA Para. 70,728 (October 20, 1987); and Victoria Gas Corporation, 1 ERA Para. 70,742 (December 17, 1987).

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. Sec. 4321, et seq.) and therefore an environmental impact statement or environmental assessment is not required.