

Cited as "1 ERA Para. 70,792"

Mobil Gas Company Inc. (ERA Docket No. 88-23-NG), July 5, 1988.

DOE/ERA Opinion and Order No. 250

Order Granting Blanket Authorization to Export Natural Gas to Canada and Granting Intervention

## I. Background

On April 15, 1988, Mobil Gas Company Inc. (MOGASCO) 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), for blanket authorization to export up to 100 Bcf of natural gas during a two-year period, beginning on the date of the first delivery, for sales on a short-term basis to Canadian spot market purchasers. MOGASCO, a Delaware corporation, is a wholly owned subsidiary of Mobil Natural Gas Inc. (MNGI), which is a wholly owned subsidiary of Mobil Fairfax Inc. MOGASCO is a marketer of natural gas supplies in the United States and Canada.

On May 10, 1988, the ERA was advised that MOGASCO would be merged with and into MNGI on June 1, 1988. On May 31, 1988, the ERA was requested to issue the blanket export authorization, if forthcoming after the merger of MOGASCO into MNGI, in the name of MNGI. In its May 31 letter, counsel for MOGASCO and MNGI stated that he would notify ERA in writing immediately upon consummation of the merger. To date, the ERA has not received this notification of consummation of the merger. MOGASCO intends to export natural gas either as a broker or agent or may purchase domestic gas on its own behalf for resale in Canada. The company states that the gas would be transported through existing facilities and will not require the construction of new or separate facilities to export the natural gas. MOGASCO proposes to file quarterly reports giving by month specific volumes and average sales price of individual export transactions.

In support of its application, MOGASCO maintains that its proposed export arrangement is fully consistent with the public interest requirement of Section 3 of the NGA 1/ and with the DOE's policies on international gas trade. MOGASCO 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 this application on April 26, 1988, inviting protests, motions to intervene, notices of intervention, and comments to be filed by June 2, 1988.<sup>2/</sup> A motion to intervene without comments or requests for additional procedures was filed by Northwest Pipeline Corporation. This order grants intervention to this movant.

## II. Decision

The application filed by MOGASCO has been evaluated to determine if the proposed import arrangement meets the public interest requirements of Section 3 of the NGA. Under Section 3, an export must be authorized unless there is a finding that it "will not be consistent with the public interest." <sup>3/</sup> 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.

MOGASCO's proposed 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 objected, 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 MOGASCO's export proposal, like other similar blanket export arrangements recently approved by the ERA,<sup>4/</sup> 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 MOGASCO blanket authority to export up to 100 Bcf of domestic gas over a term of two years is not inconsistent with the public interest.<sup>5/</sup>

## ORDER

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

A. Mobile Gas Company Inc. (MOGASCO) is authorized to export up to 100 Bcf of natural gas during a two-year period, beginning on the date of first delivery.

B. The natural gas exports authorized in Paragraph A above may be exported at any point on the international border where existing pipeline

facilities are located.

C. MOGASCO shall notify the Economic Regulatory Administration (ERA) of the date that the merger of MOGASCO into Mobil Natural Gas Inc. (MNGI) is completed. The authorization granted herein to MOGASCO automatically will transfer to MNGI effective the date of completion of the merger. All participants in this docket shall be immediately notified of that date by MNGI.

D. MOGASCO shall notify the ERA in writing of the date of first delivery of natural gas authorized in Ordering Paragraph A above within two weeks after deliveries begin.

E. With respect to the exports authorized by this Order, MOGASCO shall file with the ERA within 30 days following each calendar quarter, quarterly reports indicating whether purchases of exported gas have been made, and if so, giving, by month, the total volume of the exports in MMcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each transaction, including the names of the seller(s), and the purchaser(s), including those other than MOGASCO, estimated or actual duration of the agreement(s), transporter(s), points of exits, market(s) served, and, if applicable, the per unit (MMBtu) demand/commodity charge breakdown of the price, any special contract price adjustment clauses, and any take-or-pay or makeup provisions.

F. 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 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 July 5, 1988.

--Footnotes--

1/ 15 U.S.C. Sec. 717b.

2/ 53 FR 15729, May 3, 1988.

3/ 15 U.S.C. Sec. 717b.

4/ See e.g., 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); Victoria Gas Corporation, 1 ERA Para. 70,742 (December 17, 1987); Continental Natural Gas, 1 ERA Para. 70,747 (January 15, 1988); Unicorp Energy, Inc., 1 ERA Para. 70,754 (January 28, 1988); and Shell Gas Trading Company, 1 ERA Para. 70,762 (March 8, 1988).

5/ 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.