

Cited as "1 FE Para. 70,221"

Tenngasco Corporation (ERA Docket No. 89-01-NG), April 28, 1989.

DOE/FE Opinion and Order No. 312

Order Granting Blanket Authorization to Export Natural Gas From the United States to Canada and Mexico and Granting Intervention

I. Background

On January 18, 1989, Tenngasco Corporation (Tenngasco) 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. 0204-111,1/ for blanket authorization to export from the United States to Canada and Mexico a total of up to 100 Bcf of domestic natural gas over a period of two years beginning on the date of the first delivery. The applicant, a wholly-owned subsidiary of Tenneco Corporation, is a marketer and broker of natural gas with its principal place of business in Houston, Texas.

Tenngasco intends to export the gas for spot and short-term sales on its own behalf or as agent on behalf of domestic suppliers or Canadian and Mexican purchasers, and may also secure transportation arrangements for the gas to be exported. According to Tenngasco, the proposed sales will be to a wide range of customers in Canada and Mexico, including end users, distribution companies, and the specifics of each sale are not known at this time, but Tenngasco indicates the terms of all arrangements would be negotiated in response to prevailing U.S.-Canadian-Mexican gas market conditions.

Tenngasco intends to use only existing pipeline facilities to transport the exports and will submit quarterly reports giving details of individual transactions. The delivery points where the gas would exit the U.S. would be established during sales contract negotiations and may vary for different transactions.

In support of its application, Tenngasco states that there is no present national need for the gas to be exported and the short term of the proposed authorization ensures that the gas would be available for domestic consumption should an unexpected need arise. Additionally, Tenngasco asserts that the proposed exports would advance the DOE's policy goals of reducing trade barriers and encouraging the operation of market forces.

A notice of the application was issued on February 3, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be filed by March 15, 1989.^{2/} A motion to intervene without comment or request

for additional procedures was filed by Clajon Gas Co., L.P. This order grants intervention to this movant.

II. Decision

The application filed by Tenngasco 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 there is a finding that it "will not be consistent with the public interest."^{3/} In reviewing natural gas export applications, domestic need for the gas to be exported is considered, and any other issue determined to be appropriate in a particular case.

Tenngasco's uncontested export proposal, as set forth in the application, is consistent with Section 3 of the NGA and the DOE's international gas trade policy. We believe that the current domestic natural gas surplus, coupled with the short-term, market-responsive nature of the contracts into which Tenngasco proposes to enter, indicate that it is unlikely the proposed export volumes will be needed domestically during the term of the authorization. In addition, Tenngasco's proposal, like other blanket export proposals that have been approved,^{4/} will further the Secretary's policy goals of reducing trade barriers by encouraging market forces to achieve a more competitive distribution of goods between the U.S. and Canada and Mexico, and thereby enhance cross-border competition in the marketplace.

After taking into consideration all the information in the record of this proceeding, I find that granting Tenngasco blanket authority to export a total of up to 100 Bcf of natural gas from the U.S. to Canada and Mexico during a period of two years, under contracts with terms of up to two years, is not inconsistent with the public interest.

ORDER

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

A. Tenngasco Corporation (Tenngasco) is authorized to export a total of up to 100 Bcf of natural gas from the United States to Canada and Mexico during a two-year period beginning on the date of the first delivery.

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

C. Within two weeks after deliveries begin, Tenngasco shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C., 20585, in writing

of the date that the first delivery of natural gas authorized in Ordering Paragraph A above occurs.

D. With respect to the exports authorized by this Order, Tenngasco shall file with the Office of Fuels Programs within 30 days following each calendar quarter, quarterly reports indicating whether exports of natural gas have been made, and if so, giving, by month, the total volume of the exports in MMcf and the average sales price per MMBtu at the international border. The reports shall also provide the details of each export transaction, including the names of the seller(s), including those other than Tenngasco, and the purchaser(s), estimated or actual duration of the agreement(s), transporter(s), points of exit, 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 make-up provisions.

E. The motion to intervene filed by Clajon Gas Company, L.P., is hereby granted, provided that its participation is 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 may be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on April 28, 1989.

--Footnotes--

1/ On January 6, 1989, the authority to regulate natural gas imports and exports was transferred from the ERA to the Assistant Secretary for Fossil Energy. DOE Delegation Order No. 0204-127 specifies the transferred functions (54 F.R. 11436, March 20, 1989).

2/ 54 FR 6571, February 13, 1989.

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

4/ See e.g., American Central Gas Marketing, 1 ERA Para. 70,834 (January 9, 1989); Seagull Marketing Services, Inc., 1 ERA Para. 70,833 (December 30, 1988); Metro Gaz Marketing, Inc., 1 ERA Para. 70,828 (December 23, 1988); and Union Gas Limited, 1 ERA Para. 70,825 (November 22, 1988).