Cited as "1 FE Para. 70,224"

Tarpon Gas Marketing Ltd. (ERA Docket No. 89-05-NG), June 5, 1989.

DOE/FE Opinion and Order No. 315

Order Granting Blanket Authorization to Export Natural Gas from the United States to Canada

I. Background

On January 30, 1989, Tarpon Gas Marketing Ltd. (TGM) filed an application with the Economic Regulatory Administration (ERA) of the Department of Energy (DOE) for blanket authorization to export from the United States for direct sales to customers in Canada up to a maximum of 100 Bcf of domestic natural gas under short-term and spot market arrangements over a two-year period beginning on the date of first delivery. The application as amended March 6, 1989, was filed pursuant to Section 3 of the Natural Gas Act (NGA) and DOE Delegation Order No. 0204-111.1/ TGM, a Canadian corporation with its principal place of business in Calgary, Alberta, is a marketer of natural gas in the United States and Canada.

TGM states that it is presently negotiating sales agreements with Union Gas Company with terms up to two years but did not provide copies of the contracts for the sale of any of the volumes to be exported. According to TGM, deliveries would be on a best-efforts basis and the provisions in each contract are market responsive. TGM intends to use existing pipeline facilities to transport the gas. The points of exportation would be Sarnia, Ontario; Sault Ste. Marie, Ontario; Windsor, Ontario; Willowcreek, Saskatchewan; Rainy River, Ontario; and St. Johns, New Brunswick.

On March 8, 1989, TGM filed a letter requesting that an authorization be granted on an expedited basis and that the public notice and comment period be shortened to facilitate the issuance of export authority by April 1, 1989. It was determined that TGM had not identified any emergency circumstances that would justify deviating from the normal 30-day notice period. Accordingly, the request was denied.

A notice of application was issued on March 17, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be filed by April 24, 1989.2/ No interventions or comments were received.

II. Decision

The application filed by TGM 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, the domestic need for the gas to be exported is considered, and any other issues determined to be appropriate in a particular case.

TGM'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 TGM proposes to enter, indicate that it is unlikely the proposed export volumes will be needed domestically during the term of the authorization. In addition, TGM's proposal, like other blanket export arrangements 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 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 TGM blanket authority to export up to 100 Bcf of natural gas during a period of two years, under contracts with terms of up to two years, is not inconsistent with the public interest and should be granted.

ORDER

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

A. Tarpon Gas Marketing Ltd. (TGM) is authorized to export up to 100 Bcf of natural gas from the U.S. to Canada 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, TGM 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, TGM 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 Mcf and the average selling 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), 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.

Issued in Washington, D.C., on June 5, 1989.

--Footnotes--

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

2/ 54 FR 1200, March 23, 1989.

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

4/ See e.g., American Central Gas Marketing Company, 1 ERA Para. 70,834 (January 9, 1989); Seagull Marketing Services, Inc., 1 ERA Para. 70,833 (December 30, 1988); Gas Masters, Inc., 1 ERA Para. 70,832 (December 30, 1988); and Union Gas Limited, 1 ERA Para. 70,825 (November 22, 1988).