

Cited as "1 FE Para. 70,229"

Brymore Energy Inc. (FE Docket No. 89-20-NG), June 19, 1989.

## DOE/FE Opinion and Order No. 320

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

### I. Background

On March 27, 1989, Brymore Energy Inc. (BEI) filed an application with the Office of Fossil Energy (FE) of the Department of Energy (DOE), pursuant to Section 3 of the Natural Gas Act (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to export from the United States to Canada up to 200 Bcf of domestic natural gas under short-term and spot market arrangements for two years beginning on the date of the first delivery. According to BEI, a Delaware corporation with its principal place of business in Las Vegas, Nevada, the export authority would be used to export this natural gas under contract arrangements of two years or less, either for its own account, or as a broker or agent for other parties.

The specific terms of each export and sale would be negotiated on an individual basis at prices responsive to the market. No contracts have been executed as yet and therefore the application does not identify the suppliers, buyers, or prices.

BEI intends to export this gas at the international boundary of the United States and Canada near Detroit, Michigan, by means of existing pipeline facilities. BEI also intends to comply with the quarterly reporting requirements.

A notice of the application was issued on April 12, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be filed by May 22, 1989.<sup>1</sup> No comments were received.

### II. Decision

The application filed by BEI 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." <sup>2</sup>/ In reviewing natural gas export applications, domestic need for the gas to be exported is considered, and any other issues determined to be appropriate in a particular case, including whether the arrangement is consistent with the DOE policy of promoting competition in the natural gas marketplace by allowing

commercial parties to freely negotiate their own trade arrangements.

BEI'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 BEI proposes to enter, indicate that it is unlikely the proposed export volumes will be needed during the term of the authorization. Further, BEI's proposal, like other blanket export proposals that have been approved,<sup>3/</sup> 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 BEI blanket authority to export up to 200 Bcf of natural gas from the U.S. to Canada during a period of two years, under contracts with terms 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. Brymore Energy Inc. (BEI) is authorized to export at Detroit, Michigan, up to 200 Bcf of natural gas from the United States to Canada during a two-year period beginning on the date of the first delivery.

B. Within two weeks after deliveries begin, BEI shall notify the Office of Fuels Programs, Fossil Energy, in writing of the date that the first delivery of natural gas authorized in Ordering Paragraph A above occurs.

C. With respect to the exports authorized by this Order, BEI 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 purchase price per MMBtu at the international border. The reports shall also provide the details of each export transaction, including the names of the purchaser(s), estimated or actual duration of the agreement(s), transporter(s), point 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 19, 1989.

--Footnotes--

1/ 54 FR 16157, April 21, 1989.

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

3/ 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).