

Cited as "1 FE Para. 70,305"

Mobil Natural Gas Inc. (FE Docket No. 89-87-NG), February 16, 1990.

DOE/FE Opinion and Order No. 385

Order Granting Blanket Authorization to Import Natural Gas Including Liquefied Natural Gas and Granting Intervention

I. Background

On December 5, 1989, Mobil Natural Gas Inc. (MNGI) 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), requesting that blanket authorization previously granted 1/ be further extended for two years beginning with the first import after February 15, 1990, the expiration of its current import authorization and amended to allow MNGI to import volumes not to exceed, in the aggregate, 100 Bcf of natural gas or liquefied natural gas (LNG) from Canada or other countries. As a matter of procedural policy, the DOE is treating MNGI's filing as an application. for a new authorization to import volumes not to exceed, in the aggregate, 100 Bcf of natural gas including LNG over a two-year period.

MNGI is a Delaware corporation with its principal place of business in Houston, Texas. MNGI is a wholly owned subsidiary of Mobil Fairfax Inc. MNGI is engaged in the business of marketing natural gas supplies in the United States and Canada.

In support of its import request, MNGI states that while most of its imports would come from Canada, MNGI is also interested in securing authorization to import natural gas from countries other than Canada. According to MNGI, if the authorization requested is granted, MNGI will be allowed to purchase quantities of natural gas including LNG from a variety of foreign suppliers and to resell such supplies to any suitable purchaser, including local distribution companies, pipelines, and commercial and industrial end-users. MNGI states that it contemplates acting as a purchaser-reseller and a marketer of natural gas supplies, including acting as an agent on behalf of both producers and purchasers. MNGI indicates that it may also secure transportation arrangements for the gas to be imported in the United States pursuant to agreements with specific customers. MNGI asserts that each sale will be market responsive and that imports would be accomplished using existing facilities and no new construction would be involved.

MNGI also would file reports with FE within 30 days after the end of each calendar quarter giving the details of the individual transactions. MNGI's prior quarterly reports filed with FE indicate that approximately 23.3 Bcf of natural gas were imported from February 15, 1988, through December 31, 1989.

A notice of this application was issued on January 9, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by February 15, 1990.^{2/} A motion to intervene without comment or request for additional procedures was filed by Distrigas Corporation. This order grants intervention to this movant.

II. Decision

The application filed by MNGI has been evaluated to determine if the proposed import arrangement meets the public interest requirements of section 3 of the NGA. Under section 3, imports must be authorized unless there is a finding that they "will not be consistent with the public interest."^{3/} This determination is guided by the DOE's natural gas import policy guidelines.^{4/} Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

The DOE finds that MNGI's uncontested proposal for the importation of natural gas or LNG, using existing facilities, is consistent with section 3 of the NGA and the DOE policy guidelines. The import authorization sought, similar to other blanket arrangements approved by DOE,^{5/} would provide MNGI with a blanket import authority, within prescribed limits, to negotiate and transact individual, spot and short-term purchase arrangements without further regulatory action. The fact that each purchase will be voluntarily negotiated, short-term, and market-responsive, as asserted in MNGI's application, provides assurance that the transactions will be competitive with other gas supplies available to MNGI. This arrangement, therefore, should enhance competition in the marketplace.

After taking into consideration all of the information in the record of this proceeding, I find that granting MNGI authority to import up to 100 Bcf of natural gas including LNG during a period of two years, under contracts with terms of two years or less, 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. Mobil Natural Gas Inc. (MNGI) is authorized to import up to 100 Bcf of natural gas including liquefied natural gas (LNG) during a two-year period beginning on the date of first delivery.

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

C. Within two weeks after deliveries begin, MNGI shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, 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 imports authorized by this Order, MNGI shall file with the Office of Fuels Programs within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas or LNG have been made, and if so, giving, by month, the total volume of the imports in Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide each month the details of each import transaction, including whether the import was natural gas or LNG, the names of the seller(s), and purchaser(s), estimated or actual duration of the agreement(s), transporter(s), including any LNG tanker(s) used, point(s) of entry, market(s) served, and, if applicable, the per unit (MMBtu) demand/commodity charge breakdown of the price, and any special contract price adjustment clauses, and any take-or-pay or make-up provisions. Additionally, for each LNG transaction reported, MNGI shall furnish a copy of all agreements under which the transaction was consummated.

E. 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 the motion to intervene and not herein specifically denied, and that admission of this 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 February 16, 1990.

--Footnotes--

1/ DOE/ERA Opinion and Order No. 213, 1 ERA Para. 70,745 (January 6, 1988) (ERA Docket No. 87-19-NG).

2/ 55 FR 1505, January 16, 1990.

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

4/ 49 FR 6684, February 22, 1984.

5/ See, e.g., ICG Energy Marketing, Inc., 1 FE Para. 70,209 (March 31, 1989); Canterra Natural Gas Inc., 1 FE Para. 70,226 (June 19, 1989); Petro-Canada Hydrocarbons Inc., FE Docket No. 89-30-NG (September 26, 1989); Suncor Inc., FE Docket No. 89-52-NG (October 30, 1989); and Exxon Corporation, FE Docket No. 89-56-NG (December 8, 1989).