

Cited as "1 FE Para. 70,306"

Dynasty Gas Marketing, Inc. (FE Docket No. 89-85-NG), February 26, 1990.

DOE/FE Opinion and Order No. 386

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

## I. Background

On November 30, 1989, Dynasty Gas Marketing, Inc. (Dynasty), 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 100,000 Mcf per day or a total of 72,000,000 Mcf of domestic natural gas under short-term and spot-market arrangements for two years beginning on the date of the first delivery.

Dynasty intends to export natural gas to Canada for spot-market sales to Canadian purchases including local distribution companies and end-users. Dynasty states that the terms of all export sales, including price, would be freely negotiated to reflect market conditions and, therefore, would be consistent with the public interest. Dynasty intends to use existing facilities within the United States and at the United States-Canadian border for the transportation of the exported gas. Dynasty will notify the DOE of the date of first delivery and submit quarterly reports detailing each transaction.

Dynasty, a Texas corporation with its principal place of business in Stafford, Texas, is a natural gas marketer engaged in the marketing of natural gas in the United States and Canada.

A notice of the Dynasty's application was issued on January 10, 1990, inviting protests, motions to intervene, notices of interventions, and comments to be filed by February 20, 1990.<sup>1/</sup> No comments or motions to intervene were received.

## II. Decision

The application filed by Dynasty 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 natural 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.

Dynasty'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. The current domestic natural gas supply, coupled with the short-term, market-responsive nature of the contracts into which Dynasty proposes to enter, indicate that it is unlikely that the proposed export volumes will be needed during the term of the authorization. In addition, Dynasty'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 United States and Canada, and thereby enhances cross-border competition in the marketplace.

After taking into consideration all the information in the record of this proceeding, I find that granting Dynasty blanket authority to export up to a total of 72,000,000 Mcf of natural gas from the United States to Canada during a two-year term, under contracts with terms of two years or less, is not inconsistent with the public interest. Consistent with current practice, there will be no restrictions on the daily volumes that may be exported.

#### ORDER

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

A. Dynasty Gas Marketing, Inc. (Dynasty), is authorized to export up to 72,000,000 Mcf of natural gas from the United States to Canada for a two-year term beginning on the date of the first delivery.

B. Within two weeks after deliveries begin, Dynasty shall notify the Office of Fuels Programs, Fossil Energy, Department of 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.

C. With respect to the exports authorized by this Order, Dynasty 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 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.

D. Dynasty is authorized to export natural gas at any point on the international border where existing pipeline facilities are located.

Issued in Washington, D.C., on February 26, 1990.

--Footnotes--

1/ 55 FR 1722, January 18, 1990.

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

3/ See, e.g., CMEX Energy, Inc., 1 FE Para. 70,238 (August 24, 1989); TransAmerican Natural Gas Corp., 1 FE Para. 70,200 (April 23, 1989); Equitable Resources Marketing Company, 1 FE Para. 70,271 (December 6, 1990); Norbac International Corporation, 1 FE Para. 70,270 (December 6, 1990); and Western Gas Processors, Ltd., FE Docket No. 89-61-NG (January 23, 1990).