

Cited as "1 FE Para. 70,307"

Unicorp Energy, Inc. (FE Docket No. 89-89-NG, March 9, 1990).

DOE/FE Opinion and Order No. 388

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

### I. Background

On December 21, 1989, Unicorp Energy, Inc. (Unicorp), filed an application with the Office of Fossil Energy (FE) of the Department of Energy (DOE), pursuant to section 3 of the National Gas Act (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to export up to a combined total of 145 Bcf of natural gas to Canada and Mexico during a two-year term beginning March 11, 1990, and ending March 10, 1992. Unicorp, a wholly owned subsidiary of Unicorp Canada Corporation is a marketer of natural gas supplies, acting as agent on behalf of both producers and purchasers. The company plans to secure natural gas from a variety of suppliers principally in the states of Texas, Oklahoma, and Kansas and resell the gas to spot market purchasers, including local distribution companies and commercial and industrial end-users at the Canadian and Mexican borders of the United States.

Unicorp states that it may also purchase supplies of gas from Canada and import that gas to the U.S. under separate import authority and then export the gas back across the border to Canada. Import authority was granted in DOE/ERA Opinion and Order No. 222 (1 ERA Para. 70,754), issued January 28, 1988, filed in ERA Docket No. 87-56-NG. The price of the gas will be determined through arm's length negotiations between Unicorp and its customers with sales on a best-efforts basis. The company maintains that the gas to be exported will be incremental or surplus to the needs of purchasers in areas where it is acquired. Unicorp states that it anticipates that only existing pipeline facilities will be used for the transportation of gas to be exported and that it will submit quarterly reports giving the details of individual transactions.

A notice of this application was issued January 24, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by March 2, 1990.<sup>1</sup> A motion to intervene without substantial comment or request for additional procedures was filed by Great Lakes Gas Transmission Company (Great Lakes). This order grants intervention to Great Lakes.

## II. Decision

The application filed by Unicorp 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." 2/ 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.

Unicorp'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 Unicorp proposes to enter, indicate that it is unlikely that the proposed export volumes will be needed during the term of the authorization. In addition, Unicorp'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 will enhance cross-border competition in the marketplace.

After taking into consideration all of the information in the record of this proceeding, I find that granting Unicorp blanket authority to export up to a combined total of 145 Bcf of natural gas from the United States to Canada and Mexico during a two-year term, 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. Unicorp Energy, Inc. (Unicorp), is authorized to export up to a combined total of 145 Bcf of natural gas from the United States to Canada and Mexico during a two-year term beginning March 11, 1990 and ending March 10, 1992.

B. Within two weeks after deliveries begin, Unicorp 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, Unicorp 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. 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 its 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 March 9, 1990.

--Footnotes--

1/ 55 FR 3257, January 31, 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); Western Gas Processors, Ltd., FE Docket No. 89-61-NG (January 23, 1990) and Carson Water Company, FE Docket No. 89-78-NG (February 7, 1990).