

Cited as "1 FE Para. 70,471"

North American Resources Company (FE Docket No. 91-29-NG), July 26, 1991.

DOE/FE Opinion and Order No. 523

Order Granting Blanket Authorization to Export Natural Gas to Canada and Mexico

I. Background

On April 10, 1991, North American Resource Company (NARCo), filed an application with the Office of Fossil Energy (FE) of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to export up to a combined total of 73 Bcf of natural gas from the United States to Canada and/or Mexico over a two-year period beginning on the date of first delivery. NARCo states that it will use existing pipeline facilities at the international borders the United States shares with Canada and Mexico.

NARCo, a Montana corporation with its principal place of business in Butte, Montana, requested authorization to make short-term and spot market sales with terms of up to two years. The company proposes to export for its own account or act as agent for the purchase or sale of gas owned by others. NARCo states that the terms of each transaction will be negotiated at arms-length and will reflect competitive market conditions.

A notice of the application was issued on June 7, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by July 15, 1991.^{1/} No comments or requests for intervention were received.

II. Decision

The application filed by NARCo 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 gas to be exported is considered, and any other issue determined to be appropriate in a particular case.

NARCo's uncontested export proposal of natural gas, as set forth in the application, is consistent with section 3 of the NGA and DOE's international gas trade policy. The current supplies of domestic gas, coupled with the short-term, market responsive nature of the contracts into which NARCo proposes to enter, indicate that it is unlikely that the proposed export volumes will be needed domestically during the term of the authorization. In addition, NARCo's proposal, like other blanket export proposals that have been approved by the DOE,^{3/} 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 the United States and Mexico.

After taking into consideration all of the information in the record of this proceeding, I find that granting NARCo blanket authorization to export up

to a combined total of 73 Bcf of natural gas to Canada and Mexico over a two-year term, under contracts with terms of two years or less, beginning on the date of first delivery, is not inconsistent with the public interest.^{4/}

ORDER

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

A. North American Resources Company (NARCo), is authorized to export to Canada and Mexico up to a combined total of 73 Bcf of natural gas over a two-year term beginning on the date of first delivery.

B. NARCo is authorized to export natural gas at any point on the international boundary line which does not require the construction of new border facilities.

C. Within two weeks after deliveries begin, NARCo shall provide written notification to the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, 1000 Independence Avenue, S.W., Washington, D.C. 20585, 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, NARCo shall file within 30 days following each calendar quarter, quarterly reports indicating whether sales of exported natural gas have been made, and if so, giving by month, the total volume of the exports in Mcf and the average purchase price for exports 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), point of exit, and market(s) served.

Issued in Washington, D.C., on July 26, 1991.

--Footnotes--

1/ 56 FR 27255, June 13, 1991.

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

3/ See e.g., Corpus Christi Gas Marketing, Inc., 1 FE Para. 70,386 (November 23, 1990); Clajon Marketing, L.P., 1 FE Para. 70,406 (January 29, 1991); and The Consumers' Gas Company Ltd., 1 FE Para. 70,433 (March 28, 1991).

4/ Because the proposed exportation of gas will use existing facilities, DOE has determined that granting this application is not a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act (42 U.S.C. 4321, et seq.) and therefore an environmental impact statement or environmental assessment is not required. See 40 CFR Sec. 1508.4 and 54 FR 12474 (March 27, 1989).