Cited as "1 FE Para. 70,490"

MidCon Marketing Corporation (FE Docket No. 91-56-NG), October 25, 1991.

DOE/FE Opinion and Order No. 542

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

I. Background

On July 30, 1991, MidCon Marketing Corporation (MidCon) 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, requesting blanket authority to export to Canada and Mexico up to 300 Bcf of natural gas over a two-year term beginning on the date of first delivery. MidCon proposes to use existing pipeline facilities for the transportation of the proposed volumes to be exported and stated that it would submit quarterly reports detailing each export transaction.

MidCon, a Delaware corporation with its principal place of business in Lombard, Illinois, is a marketer of natural gas for resale or to specific end-users. According to MidCon, the specific terms of each export transacted under the requested authority, including price and volume, would be freely negotiated on an individual basis, thus ensuring that the exports will be responsive to market conditions.

A notice of the application was issued on August 22, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by September 30, 1991.1/ No interventions or comments were received.

II. Decision

The application filed by MidCon 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 issues determined to be appropriate in a particular case.

MidCon's uncontested export proposal, as set forth in the application, is consistent with section 3 of the NGA and DOE's international gas trade policy. We believe that the current supplies of domestic gas, coupled with the short-term, market responsive nature of the contracts into which MidCon 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, MidCon's proposal, like other blanket export proposals that have been approved by 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 U.S., Canada, and Mexico. Thus, MidCon's export arrangement 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 authorizing MidCon to export up to 300 Bcf of natural gas over a two-year term, beginning on the date of first delivery, under contracts with terms of two years or less, 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. MidCon Marketing Corporation (MidCon) is authorized to export up to a total of 300 Bcf of natural gas to Canada and Mexico over a two-year term beginning on the date of first delivery.

B. This natural gas may be exported at any point where existing pipeline facilities are located on the international borders the United States shares with Canada and Mexico.

C. Within two weeks after deliveries begin, MidCon shall provide written notification to the Office of Fuels Programs, Fossil Energy, Room 3F-056, Forrestal Building, 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 natural gas exports authorized by this Order, MidCon shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether exports 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 seller(s), and the purchaser(s), including those other than MidCon, estimated or actual duration of the agreement(s), transporter(s), points of exit, and geographic market(s) served and, if applicable, the per unit (MMBtu) demand/commodity/reservation charge breakdown of the price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions. If no exports have been made, a report of "no activity" for that calendar quarter must be filed. Failure to file quarterly reports may result in termination of this authorization.

E. The first quarterly report required by paragraph C of this order is due not later than January 30, 1992, and should cover the period from the date of this order until the end of the current calendar quarter December 31, 1991.

Issued in Washington, D.C., on October 25, 1991.

--Footnotes--

1/ 56 FR 42728, August 29, 1991.

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

3/ See, e.g., Kimball Energy Corporation, 1 FE Para. 70,330 (June 26, 1990); Unicorp Energy, Inc., 1 FE Para. 70,307 (March 9, 1990); and Dynasty Gas Marketing, Inc., 1 FE Para. 70,306 (February 26, 1990).

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).