

Cited as "1 FE Para. 70,509"

Northridge Petroleum Marketing U.S., Inc. (FE Docket No. 91-61-NG),  
December 4, 1991.

DOE/FE Opinion and Order No. 555

Order Granting Blanket Authorization to Import and Export Natural Gas

## I. Background

On August 8, 1991, Northridge Petroleum Marketing U.S., Inc. (Northridge), 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 import from Canada up to 200 Bcf of natural gas, and to export to Canada up to 300 Bcf of gas, over a two-year term beginning December 5, 1991, through December 4, 1993. Northridge states it will submit quarterly reports detailing each transaction and intends to use existing pipeline facilities in the U.S. to transport any import or exports.

Northridge, a Colorado corporation with its principal place of business in Calgary, Alberta, Canada is a natural gas marketing company. It is a wholly owned subsidiary of Northridge Petroleum Marketing, Inc., a Canadian corporation. The applicant proposes to import Canadian natural gas on a short-term or spot-market basis for purchase by local distribution companies, electric utilities, interstate pipelines and industrial and commercial end-users. Northridge proposes to import gas for its own account or act as agent for Canadian suppliers and/or U.S. purchasers. Northridge states that the specific terms of each sale will be responsive to current market conditions for natural gas.

The applicant proposes to export natural gas either as a broker or agent on behalf of others, or as an exporter on its own behalf. Northridge states that the specific terms of each export sale will be freely negotiated at arms-length and will be responsive to current market conditions.

The applicant was granted blanket import authority by DOE/FE Opinion and Order 339 (Order 339),<sup>1/</sup> to import up to 200 Bcf of natural gas from Canada beginning December 5, 1989, and ending December 4, 1991. The applicant was also granted blanket export authority by DOE/FE Opinion and Order 443 (Order 443),<sup>2/</sup> to export up to 300 Bcf of gas from the United States to Canada over a two-year period beginning on the date of the first delivery. No exports have been made under Order 443. The proposed import/export authorization would supersede the export authorization granted in Order 443, and would place Northridge's import and export authorizations on a concurrent time frame.

A notice of the application was issued on October 23, 1991, inviting protests, motions to intervene, notices of intervention and comments to be filed by November 29, 1991.<sup>3/</sup> No comments were received.

## II. Decision

The application filed by Northridge has been evaluated to determine if the proposed import/export arrangement meets the public interest requirements of section 3 of the NGA. Under section 3, an import or export must be authorized unless there is a finding that it "will not be consistent with the

public interest." 4/ With regard to import authorizations, the determination is guided by DOE's natural gas import policy guidelines.5/ Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test. 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.

Northridge's uncontested import/export proposal, as set forth in its application, is consistent with section 3 of the NGA, DOE's natural gas import guidelines and DOE's international gas trade policy. The authorization sought would provide Northridge with blanket import and export approval, within prescribed limits, to negotiate and transact individual, spot and short-term purchase arrangements without further regulatory action. Northridge's market-based approach for negotiating short-term imports and exports will enhance competition in the gas markets. Under the proposed arrangement short-term transactions will be negotiated in response to the marketplace, and thus must reflect the true value of the commodity being traded, or no gas sales presumably would take place. Also, considering the current supplies of domestic gas, coupled with the short-term, market-responsive nature of the contracts into which Northridge proposes to enter, it is unlikely that the proposed export volumes will be needed domestically during the term of the authorization. Finally, FE finds that Northridge import/export proposal, like other blanket arrangements approved by DOE,6/ will further the Secretary of Energy'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.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing Northridge to import from Canada up to 200 Bcf of natural gas, and to export to Canada up to 300 Bcf of natural gas, over a two-year term, under contracts with terms of two years or less, beginning on the date of first delivery of either imports or exports after December 4, 1991, is not inconsistent with the public interest.7/

#### ORDER

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

A. Northridge Petroleum Marketing U.S., Inc. (Northridge), is authorized to import from Canada up to 200 Bcf of natural gas, and to export from Canada up to 300 Bcf of natural gas, over a two-year term beginning on the date of first import or export after December 4, 1991.

B. This natural gas may be imported and/or exported at any point on the U.S.--Canadian border which does not require the construction of new facilities.

C. Within two weeks after deliveries begin, Northridge shall provide written notification to the Office of Fuels Programs, (OFP), Fossil Energy, FE-50, 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 occurred.

D. With respect to the natural gas imports and exports authorized by this Order, the applicant shall file with OFP within 30 days following each

calendar quarter, quarterly reports indicating whether sales of imported or exported natural gas have been made, and if so, giving by month, the total volume of the imports and/or exports in Mcf and the average price per MMBtu at the international border. The reports shall also provide the details of each transaction, the names of the seller(s), and the purchaser(s), estimated or actual duration of the agreements, transporter(s), points of entry or exit, geographic market(s) served, and, if applicable, the per unit (MMBtu) demand/commodity/reservation charge breakdown of any special contract price adjustments clauses, and any take-or-pay or makeup provisions. If no imports or 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 D of this order is due not later than January 30, 1992, and should cover the date of this order until the end of the current calendar quarter December 31, 1991.

F. This Order is intended to supersede DOE/FE Opinion and Order 443 (Order 443). Therefore Order 443 is rescinded as of the effective date of this Order, December 5, 1991.

Issued in Washington, D.C., on December 4, 1991.

--Footnotes--

1/ 1 FE Para. 70,250 (October 10, 1989).

2/ 1 FE Para. 70,373 (October 25, 1990).

3/ 56 FR 55918, October 30, 1991.

4/ 15 U.S.C. Sec. 717b.

5/ 49 FR 6684, February 22, 1984.

6/ See, e.g., Conoco Inc., 1 FE Para. 70,472 (July 26, 1991); Seagull Marketing Services. Inc., 1 FE Para. 70,470 (July 26, 1991); and Inland Gas & Oil Corp., 1 FE Para. 70,463 (July 5, 1991).

7/ Because the proposed import/export 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 the environmental impact statement or environmental assessment is not required. See 40 CFR Sec. 1508.4 and 54 FR 12474 (March 27, 1989).