

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

FINA NATURAL GAS COMPANY)	FE DOCKET NO. 91-51-NG
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)	

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT AND EXPORT NATURAL GAS
FROM AND TO CANADA AND MEXICO

DOE/FE OPINION AND ORDER NO. 563

December 27, 1991

I. BACKGROUND

On July 22, 1991, Fina Natural Gas Company (Fina) 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 authorization to import up to 100 Bcf of natural gas from Canada and Mexico and to export up to 100 Bcf of natural gas to Canada and Mexico. This application requests the authorization be approved for a period of two years beginning on the date of the first delivery. Only existing pipeline facilities would be used to transport the imported gas.

Fina is a Delaware corporation with its principal place of business in Dallas, Texas. It is an affiliate of Fina Oil and Chemical Company which owns substantial domestic natural gas reserves both onshore and offshore. Fina markets gas produced by affiliated and nonaffiliated companies to local distribution companies and other users. According to the application, the authority requested by Fina contemplates the following types of import and export arrangements: (1) importation of supplies from Canada and Mexico for consumption in U.S. markets; (2) importation of Canadian and Mexican natural gas for eventual return (via export) to Canadian and Mexican markets; (3) exportation of domestically produced natural gas for consumption in Canadian and Mexican markets; and (4) exportation of domestically produced gas for eventual return (via import) to U.S. markets.

Fina proposes to import and export this gas either for its own account or as agent on behalf of others. Although the identity of the parties are not known at this time, Fina states that the individual transactions would be conducted through arms length bargaining and the price would be competitive in the marketplace. The gas to be exported is asserted to be incremental to current domestic needs. Fina agrees to comply with DOE reporting requirements.

A notice of the application was published in the Federal Register on October 3, 1991, inviting protests, motions to intervene, notices of intervention and comments to be filed by November 4, 1991. 1/ No comments were received.

II. DECISION

The application filed by Fina 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." 2/ With regard to import authorizations, the determination is guided by DOE's natural gas import policy guidelines. 3/ Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for

1/ 56 FR 50118.

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

3/ 49 FR 6684, February 22, 1984.

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.

Fina's uncontested import/export proposal, as set forth in the application, is consistent with section 3 of the NGA and DOE's international gas trade policy. The import/export authorization sought, similar to other blanket arrangements approved by DOE, 4/ would provide Fina with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term import and export arrangements without further regulatory action. Fina's market-based approach for negotiating short-term imports and exports will enhance competition in the North American gas market. Under Fina's proposed arrangements, which contemplate individual, short-term sales negotiated in response to the marketplace, transactions would only occur to the extent that producers and sellers can provide spot or short-term volumes, customers need such import/export volumes, and the prices remain competitive. Thus, each transaction must reflect the true value of the commodity being traded, or no gas deliveries will be made. In addition, the current domestic natural gas supply, coupled with the short-term, market-responsive nature of the contracts into which Fina

4/ See, e.g., American Central Gas Companies, Inc., 1 FE
Para. 70,446 (May 16, 1991); Texaco Gas Marketing, Inc., 1 FE

Para. 70,458 (June 21, 1991); and Venro Petroleum Corporation, 1

FE Para. 70,465 (July 22, 1991).

proposes to enter, indicate that it is unlikely the proposed export volumes will be needed domestically during the term of this authorization. Finally, Fina's proposal 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 U.S. and Canadian and Mexican gas purchasers and suppliers. Thus, Fina's import/export arrangement will enhance competition in the marketplace.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing Fina to import up to 100 Bcf of natural gas from Canada and Mexico and to export up to 100 Bcf of natural gas to Canada and Mexico for a period of two years beginning on the date of the first delivery of either imports or exports is not inconsistent with the public interest. 5/

ORDER

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

A. Fina Natural Gas Company (Fina), is authorized to import up to 100 Bcf of natural gas from Canada and Mexico and to export

5/ Because the proposed importation/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 1508.4 and
54 FR 12474 (March 27, 1989).

up to 100 Bcf of natural gas to Canada and Mexico for a period of two years beginning on the date of the first import or export.

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

C. Within two weeks after deliveries begin, Fina shall provide written notification to the Office of Fuels Programs, Fossil Energy, Room 3F-056, 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 occurs.

D. With respect to the short-term blanket imports and exports authorized by this order, the applicant shall file with Office of Fuels Programs, 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, including 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 markets 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 make-up 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.

Issued in Washington, D.C., on December 27, 1991.

Clifford P. Tomaszewski
Acting Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy