

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

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MOBIL NATURAL GAS INC. ) FE DOCKET NO. 91-100-NG  
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ORDER GRANTING BLANKET AUTHORIZATION TO IMPORT  
NATURAL GAS, INCLUDING LIQUEFIED NATURAL GAS

DOE/FE OPINION AND ORDER NO. 579

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FEBRUARY 12, 1992

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I. BACKGROUND \_\_\_\_\_

On November 19, 1991, Mobil Natural Gas Inc. (MNGI) filed an application with the Office of Fossil Energy 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 up to 100 Bcf of natural gas, including liquefied natural gas (LNG), over a two-year term beginning on the date of first delivery after February 15, 1991, the date MNGI's current blanket import authorization expires. MNGI proposes to use existing pipeline and LNG facilities for the volumes to be imported.

MNGI is a Delaware corporation with its principal place of business in Houston, Texas. MNGI is a marketer of natural gas in the United States and Canada and a wholly owned subsidiary of Mobil Fairfax Inc. Under the requested authority, MNGI would purchase natural gas and LNG from a variety of suppliers for resale to various purchasers, including local distribution companies, pipelines, and commercial and industrial end-users. MNGI would import for its own account as well as for the account of others.

MNGI proposes to import natural gas and LNG under spot and short-term arrangements. The specific pricing terms of each import arrangement would be determined by competitive factors in the gas markets served and would be arrived at through arm's length negotiations. MNGI would submit quarterly reports detailing each transaction.

A notice of the application was issued on December 19, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by January 23, 1992. 1/ No

interventions or comments were received.

## II. DECISION

The application filed by MNGI has been evaluated to determine if the proposed import arrangement meets the public interest requirements of section 3 of the NGA. Under section 3, an import must be authorized unless there is a finding that it "will not be consistent with the public interest." 2/ This

determination is guided by DOE's natural gas import policy guidelines under which the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test. 3/

MNGI's uncontested import proposal, as set forth in the application, is consistent with section 3 of the NGA and DOE's international gas trade policy. The authorization sought, would provide MNGI with blanket import approval, within prescribed limits, to negotiate and transact individual, spot and short-term purchase arrangements without further regulatory action. The fact that each spot purchase will be voluntarily negotiated and market-responsive, as asserted in MNGI's application, provides

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1/ 56 FR 66630, December 24, 1991.

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

3/ 49 FR 6684, February 22, 1984.

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assurance that the transactions will be competitive with other natural gas supplies available to MNGI.

Finally, MNGI's proposal, like other blanket 4/ import proposals that have been approved by DOE, will further the Secretary's policy goals of reducing trade barriers by encouraging market forces to achieve a more competitive distribution of goods in the North American gas market.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing MNGI to import up to 100 Bcf of natural gas, including LNG, over a two-year term beginning on the date of first delivery after February 15, 1992, under contracts with terms of two years or less, is not inconsistent with the public interest. 5/

#### ORDER

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

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4/ See, e.g., *Westar Marketing Company*, 1 FE 70,491 (October 25, 1991); *American Natural Gas Corporation*, 1 FE 70,511 (December 10, 1991); and *Tenngasco Corporation*, 1 FE 70,513 (December 18, 1991).

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

A. Mobil Natural Gas Inc. (MNGI) is authorized to import up to 100 Bcf of natural gas, including liquefied natural gas (LNG), over a two-year term beginning on the date of first delivery after February 15, 1992.

B. This natural gas may be imported at any point on the international border where existing pipeline or LNG facilities are located.

C. Within two weeks after deliveries begin, MNGI shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, in writing of the date that the first import delivery of natural gas authorized in Ordering Paragraph A above occurred.

D. With respect to the natural gas imports authorized by this Order, MNGI shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas or LNG have been made, and if so, giving, by month, the total volume of the imports in Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each import transaction, including the names of the seller(s), and the purchaser(s), including those other than MNGI, estimated or actual duration of the agreement(s), transporter(s), points of entry, and market(s) served and, if applicable, the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price, any special contract price adjustment clauses,



and any take-or-pay or make-up provisions. If no imports 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 April 31, 1992, and should cover the period from the date of this order until the end of the current calendar quarter March 31, 1992.

Issued in Washington, D.C., on February 12, 1992.

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Charles F. Vacek  
Deputy Assistant Secretary  
for Fuels Programs  
Office of Fossil Energy