

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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TARPON GAS MARKETING LTD. ) FE DOCKET NO. 91-101-NG  
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ORDER GRANTING BLANKET AUTHORIZATION TO  
IMPORT NATURAL GAS FROM CANADA  
AND GRANTING INTERVENTION

DOE/FE OPINION AND ORDER NO. 583

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FEBRUARY 28, 1992  
  
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I. BACKGROUND

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On November 20, 1991, Tarpon Gas Marketing Ltd. (TGM) 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 Canadian natural gas over a two-year period beginning on the date of first delivery. The proposed imports would take place at any point on the international border where existing pipeline facilities are located. No new pipeline construction would be involved.

TGM is a Canadian corporation with its principal place of business in Calgary, Alberta. The blanket authorization sought by TGM would renew the blanket import authority granted originally by DOE/ERA Opinion and Order No. 265 (Order 265). 1/ The authorization granted in Order 265 expired January 20, 1992.

TGM indicates that the blanket contracts it plans to enter into would be similar to those it previously engaged in under Order 265. And, due to the short-term nature of the arrangements, would continue to be market responsive. TGM asserts that its import request is in the public interest since sales would only be made when they would be responsive to current market forces. Further, since existing pipeline facilities will be used, TGM asserts that the proposed imports will pose no environmental impacts, and will further DOE's policy goals on

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1/ 1 ERA 70,804 (August 10, 1988).

natural gas trading and the 1988 U.S.-Canada Free Trade Agreement.

FE issued a notice of this application on December 26, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by January 30, 1992. 2/ A motion to intervene without comments or requests for additional procedures was filed by Great Lakes Gas Transmission Limited Partnership (Great Lakes). This order grants intervention to Great Lakes.

## II. DECISION

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The application filed by TGM 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." 3/ With regard to imports, this determination is guided by DOE's natural gas import policy guidelines. 4/ Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

TGM's uncontested import proposal for natural gas, as set forth in the application, is consistent with section 3 of the NGA and DOE's import policy guidelines. The authorization sought,

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2/ 56 FR 67618, December 31, 1991.

3/ 15 U.S.C. Sec. 717b.

4/ 49 FR 6684, February 22, 1984.

similar to other blanket arrangements approved by DOE, 5/ would provide TGM with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term purchase arrangements without further regulatory action. Under TGM's proposed arrangements, transactions would only occur to the extent that sellers can provide spot or short-term volumes, customers need such import volumes, and the prices remain competitive. Thus, each transaction must reflect the true value of the commodity being traded or no gas deliveries presumably will be made. Finally, TGM'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 gas purchasers and suppliers. Thus, TGM's import 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 TGM to import up to 100 Bcf of Canadian natural gas over a two-year term, is not inconsistent with the public interest. 6/

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5 See e.g., *Southwest Gas Corporation*, 1 FE 70,487 (October 25, 1991); *Washington Natural Gas Company*, 1 FE 70,483 (October 8, 1991) and *Cibola Corporation*, 1 FE 70,480 (September 9, 1991).

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6 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 1508.4 and 54 FR 12474 (March 27,  
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1989).

## ORDER

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

A. Tarpon Gas Marketing Ltd. (TGM) is authorized to import up to 100 Bcf of natural gas over a two-year term, beginning on the date of first delivery.

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

C. Within two weeks after deliveries begin, TGM 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 natural gas imports authorized by this Order, TGM shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas 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 transaction, including the name(s) of the seller(s) and the purchaser(s), including those other than TGM; estimated or actual duration of the agreements, transporter(s), point(s) of entry, geographic markets 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 30, 1992, and should cover the period from the date of this order until the end of the current calendar quarter March 31, 1992.

F. The motion to intervene filed by Great Lakes Gas Transmission Limited Partnership, as set forth in this Opinion and Order, is hereby granted, provided that its participation shall be limited to matters specifically set forth in its motion to intervene and not herein specifically denied, and that the admission of this intervenor shall not be construed as recognition that it might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., February 28, 1992.

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