

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

ENTRADE CORPORATION)
_____)

FE DOCKET NO. 91-105-NG

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

DOE/FE OPINION AND ORDER NO. 596

MARCH 31, 1992

I. BACKGROUND

On December 6, 1991, EnTrade Corporation (EnTrade) filed an application with the Office of Fossil Energy (FE) of the Department of Energy (DOE), pursuant to section 3 of the Natural Gas Act (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting blanket authorization to export up to 100 Bcf of natural gas to Canada and up to 100 Bcf of natural gas to Mexico on a short-term or spot market basis over a two-year period beginning on the date of first delivery. The gas would be exported for EnTrade's own account or as agent for others using existing pipeline facilities at various points on the U.S./Canada and U.S./Mexico border. EnTrade states that it will file with DOE quarterly reports detailing each export transaction.

EnTrade, a Kentucky corporation, is an independent natural gas marketer with its principal place of business in Louisville, Kentucky. According to EnTrade, the gas to be exported would be purchased from U.S. producers on the spot market and would be surplus to domestic need. All sales would result from arms-length negotiations and prices would be determined by market conditions.

A notice of the application was issued February 6, 1992, inviting protests, motions to intervene, notices of intervention,

and comments to be filed by March 16, 1992./1 No comments were received.

II. DECISION

The application filed by EnTrade 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.

EnTrade'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. The current supplies of domestic gas, coupled with the short-term, market responsive nature of the contracts into which EnTrade 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, EnTrade'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

1. 57 FR 5264, February 13, 1992.

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

3. See e.g., Shell Gas Trading Company; 1 FE Para. 70,479

(September 9, 1991); Energy Marketing Exchange, Inc.,

1 FE Para. 70,478 (September 9, 1991); and MidCon Marketing Corp.,

1 FE Para. 70,490 (October 25, 1991).

more competitive distribution of goods between the U.S. and Mexico. Thus, EnTrade'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 granting EnTrade blanket authority to export up to 100 Bcf of natural gas to Canada and up to 100 Bcf of natural gas to Mexico over a two year term beginning on the date of first export, under contracts with terms of two years or less, is not inconsistent with the public interest and should be approved./4

ORDER

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

A. EnTrade Gas Corporation (EnTrade) is authorized to export up to 100 Bcf of natural gas to Canada and up to 100 Bcf of natural gas to Mexico during a two-year period beginning on the date of the first export.

B. This natural gas may be exported at any point on the United States border which does not require construction of new pipeline facilities.

4. Because the proposed exportation of gas will use existing facilities, DOE has determined that granting this application is clearly 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).
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C. Within two weeks after deliveries begin, EnTrade 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 exports authorized by this Order, EnTrade shall file within 30 days following each calendar quarter, quarterly reports indicating whether sales of exported natural gas have been made, and if so, giving by month, the total volume of the exports in Mcf and the average price for exports per MMBtu at the international border. The reports shall also provide the details of each export transaction, including: (1) the names of the seller(s), and the purchaser(s); (2) estimated or actual duration of the agreements; (3) transporter(s); (4) points of exit; (5) market(s) served; and, if applicable, (6) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price, any special contract price adjustments 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 D of this order is due not later than July 30, 1992, and should cover the

period from the date of this order until the end of the current
calendar quarter June 30, 1992.

Issued in Washington, D.C., on March 31, 1992.

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