

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

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UNIGAS ENERGY, INC.) FE DOCKET NO. 92-03-NG
_____)

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT NATURAL GAS, INCLUDING LIQUEFIED NATURAL GAS,
TO CANADA, MEXICO, AND OTHER COUNTRIES

DOE/FE OPINION AND ORDER NO. 606

APRIL 23, 1992

I. BACKGROUND

On January 17, 1992, Unigas Energy, Inc. (Unigas) 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 export up to a maximum of 200 Bcf of natural gas, including liquefied natural gas (LNG), to Canada, Mexico, and other countries, over a two-year period beginning with the date of first export. Unigas states it would use existing pipeline and LNG facilities to implement the proposed exports, and would submit quarterly reports detailing each transaction.

Unigas, a Delaware corporation with its principal place of business in Traverse City, Michigan, requests authority to export gas for its own account as well as for the accounts of others. The specific terms of each export, including price and volume, would be negotiated at arms length in response to market conditions.

A notice of the application was published in the Federal Register on March 3, 1992, inviting protests, motions to intervene, notices of intervention, and comments to be filed by April 2, 1992. 1/ No comments or motions to intervene were received.

1/ 57 FR 7582.

II. DECISION

The application filed by Unigas 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.

Unigas'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 Unigas 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, Unigas' 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 more competitive distribution of goods between the U.S. and Mexico, Canada, and other countries. Thus, Unigas' export

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).

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 Unigas blanket authority to export up to a maximum of 200 Bcf of natural gas, including LNG, to Canada, Mexico, and other countries 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 the reasons set forth above, pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Unigas Energy, Inc. (Unigas) is authorized to export up to a maximum of 200 Bcf of natural gas, including liquefied natural gas (LNG), to Canada, Mexico, and other countries over 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 where existing pipeline and LNG facilities are located.

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).

C. Within two weeks after deliveries begin, Unigas shall provide written notification to the Office of Fuels Programs, 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 occurs.

D. With respect to the natural gas exports authorized by this Order, Unigas shall file with the Office of Fuels Programs, 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 sales price for exports per MMBtu at the international border. The reports shall also provide the details of each 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) point(s) of exit, (5) geographic 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 April 23, 1992.

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