

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

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GASMARK, INC. )  
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FE DOCKET NO. 91-112-NG

ORDER GRANTING BLANKET AUTHORIZATION TO IMPORT  
AND EXPORT NATURAL GAS, INCLUDING LIQUEFIED NATURAL GAS,  
FROM AND TO ANY FOREIGN COUNTRIES

DOE/FE OPINION AND ORDER NO. 609

APRIL 27, 1992



I. BACKGROUND

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On December 20, 1991, Gasmark, Inc. (Gasmark) 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 authorization to import and export up to a maximum of 200 Bcf of natural gas, including liquefied natural gas (LNG), from and to Canada, Mexico, and other countries over a two-year term beginning with the date of first import or export. Gasmark would use existing pipeline facilities for the transportation of the natural gas volumes to be imported and exported.

Gasmark, a Texas corporation with its principal place of business in Houston, Texas, markets natural gas under short- and medium-term marketing arrangements to utility and end-use customers. In support of its application, Gasmark states that the terms of each import or export transaction would be the product of arms-length negotiations and determined by competitive factors in the natural gas market. Gasmark indicates the authority requested in this docket, if granted, would supersede its existing blanket import authority (DOE/ERA Opinion and Order No. 176, 1 ERA Para. 70,705).

A notice of the application was published in the Federal Register on February 3, 1992, inviting protests, motions to intervene, notices of intervention, and comments to be filed by March 4, 1992.<sup>1</sup> No comments or motions to intervene were received.

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1. 57 FR 4012.

II. DECISION

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The application filed by Gasmark 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 imports and exports must be authorized unless there is a finding they "will not be consistent with the public interest."/2 With respect to imports this determination is guided by DOE's natural gas import policy guidelines/3 under which the competitiveness of an import in the markets served is the primary consideration for 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.

Gasmark'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. Gasmark's market-based approach for negotiating short-term imports and exports will enhance competition in gas markets. In addition, the current supplies of domestic gas, coupled with the short-term, market-responsive nature of the contracts, indicate that it is unlikely the proposed export volumes will be needed domestically during the term of the authorization. Finally, Gasmark's proposal, like other blanket import/export proposals that have been approved by

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

3. 49 FR 6684, February 22, 1984.

the DOE,<sup>4</sup> would 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. Thus, Gasmark's import/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 Gasmark blanket authorization to import and export up to a maximum of 200 Bcf of natural gas, including LNG, over a two-year term beginning on the date of first import or export, under contracts with terms of two years or less, is not inconsistent with the public interest.<sup>5</sup>

ORDER

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

A. Gasmark, Inc. (Gasmark) is authorized to import and export from and to any foreign country up to a maximum of 200 Bcf of natural gas, including liquefied natural gas (LNG), over a

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4. E.g., Fina Natural Gas Company, 1 FE Para. 70,517

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(December 27, 1991); Enron Gas Marketing, Inc., 1 FE Para. 70,512

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(December 18, 1991); Ocean State Power II, 1 FE Para. 70,510

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(December 10, 1991).

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. 4331, 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).

two-year term beginning on the date of the first import or export.

B. This natural gas and LNG may be imported or exported at any point on the U.S. border that does not require the construction of new facilities.

C. Within two weeks after deliveries begin, Gasmark 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 import or export authorized in Ordering Paragraph A above occurred.

D. With respect to the imports and exports authorized by this Order, Gasmark shall file within 30 days following each calendar quarter, quarterly reports indicating whether sales of imported and/or exported natural gas have been made, and if so, giving, by month, the total volume of the imports and exports in Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each import or export transaction, including: (1) country of origin for the imports; (2) names of the seller(s); (3) names of the purchaser(s); (4) estimated or actual duration of the agreement(s); (5) transporter(s); (6) point(s) of entry or exit; (7) geographic market(s) served; and, if applicable, (8) the per

unit (MMBtu) demand/commodity/reservation charge breakdown of the price, any special contract price adjustment 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 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.

F. This Order is intended to supersede DOE/FE Opinion and Order 176 (Order 176). Therefore Order 176 is rescinded as of the effective date of this Order.

Issued in Washington, D.C., on April 27, 1992.

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