

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

EXXON CORPORATION)
_____)

FE DOCKET NO. 92-21-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE OPINION AND ORDER NO. 612

APRIL 30, 1992

I. BACKGROUND

On February 20, 1992, Exxon Corporation (Exxon) 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 up to 36.5 Bcf of natural gas per year over a two-year period beginning on the date of first delivery after April 25, 1992, the day on which Exxon's current authority to import natural gas from Canada expires. The application was supplemented with an addendum filed on February 25, 1992. Exxon intends to use facilities that exist at the time the import authorization is issued and states that reports will be filed within 30 days after the end of each calendar quarter detailing each transaction.

Exxon, is a publicly owned corporation incorporated in the State of New Jersey with offices in Houston, Texas. Among its other businesses, Exxon markets natural gas to purchasers in the United States, including end users, distribution companies, intrastate pipelines and interstate pipelines.

In support of its import request, Exxon asserts the terms and conditions of its purchase agreements will be market-responsive and competitive. While specific suppliers are not identified in its application, Exxon indicates that it will make spot market purchases under this authorization from reliable Canadian natural gas producers. Exxon notes that these producers have been supplying natural gas to the U.S. for many years and have never curtailed firm deliveries to any of their export

customers.

A notice of the application was published in the Federal Register March 20, 1992, inviting protests, motions to intervene, notices of intervention and comments to be filed by April 20, 1992./1 No comments or motions to intervene were received.

II. DECISION

The application filed by Exxon 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 The determination is guided by DOE's natural gas import policy guidelines./3 Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

Exxon's uncontested import proposal, as set forth in the application, is consistent with section 3 of the NGA and DOE's natural gas import policy guidelines. The import authorization sought, similar to other blanket arrangements approved by DOE/4, would provide Exxon with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term

1 57 FR 9719.

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

3 49 FR 6684, February 22, 1984.

4 See e.g., Hadson Gas Systems Inc., 1 FE Para. 70,442

(April 26, 1991); Chippewa Gas Corporation, 1 FE Para. 70,441

(April 24, 1991); and JMC Fuel Services Inc., 1 FE Para. 70,434

(March 28, 1991).

import arrangements without further regulatory action. Exxon states that the proposed imports would be purchased under market-responsive, competitive, spot and short-term arrangements and, because the proposed transactions are premised on imported gas being price-competitive, transactions would occur only if there is a need for the imported gas. Therefore, Exxon's import proposal will further the Secretary of Energy's policy goal to reduce trade barriers by encouraging competition between U.S. and Canadian gas suppliers and purchasers.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing Exxon to import natural gas from Canada over a two-year term beginning on the date of first delivery is not inconsistent with the public interest. In order to provide Exxon with maximum operating flexibility, I have designated a total authorized volume for the two-year term of 73 Bcf of natural gas, rather than the 36.5 Bcf per year that Exxon requested in its import application./5

ORDER

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

A. Exxon Corporation is authorized to import from Canada up

5 Because the proposed import of natural gas will use existing facilities the DOE has determined that granting this application is clearly not a 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 12472 (March 27, 1989).

to 73 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, Exxon 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 occurred.

D. With respect to the imports authorized by this Order, the applicant shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether sales of imported natural gas have been made, and if so, giving by month, the total volume of the imports in Mcf and the average price per MMBtu at the international border. The reports shall also provide the details of each transaction, including the names of the seller(s), and the purchaser(s), 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 adjustments 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 Ordering 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 30, 1992.

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