

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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MOUNTAIN GAS RESOURCES, INC.) FE DOCKET NO. 92-17-NG
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ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT AND EXPORT NATURAL GAS
FROM AND TO CANADA AND MEXICO

DOE/FE OPINION AND ORDER NO. 621

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MAY 21, 1992

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I. BACKGROUND

On February 10, 1992, Mountain Gas Resources, Inc. (MGR) 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 50 Bcf and to export up to 50 Bcf of natural gas from and to Canada and Mexico over a two-year term beginning with the date of first import or export. MGR, a Delaware corporation with its principal place of business in Englewood, Colorado, is a marketer of natural gas and natural gas liquids throughout the Rocky Mountains, Pacific Northwest, and Mid-continent regions of the United States. MGR also owns and operates natural gas gathering and processing facilities, primarily located in southwestern Wyoming. MGR would use existing pipeline facilities for the transportation of the proposed volumes to be imported and exported and would submit quarterly reports detailing each transaction.

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 or

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comments were received.

II. DECISION

The application filed by MGR 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 import must be authorized unless there is a finding that it "will not be consistent with the public interest." 2/ This 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. In reviewing natural gas export applications, the domestic need for the gas to be exported is considered and any other issues determined to be appropriate in a particular case. 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. MGR's uncontested import/export proposal, as set forth in the application, is consistent with Section 3 of the NGA and DOE's international trade policy. Under MGR's proposed import arrangement, transactions will only occur when producers and sellers can provide spot or short-term volumes, customers need such import volumes, and prices remain competitive. In addition, considering that the current domestic natural gas supply is plentiful, and that MGR's proposed transactions will be short-term and market-responsive, it is unlikely that the proposed export volumes will be needed in the domestic market during the term of this authorization. Finally, MGR's proposal,

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

3/ 49 FR 6684, February 22, 1984.

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which is similar to other blanket import/export arrangements approved by DOE, 4/ will further the Secretary of Energy's policy goal to reduce trade barriers by promoting more market-oriented gas trade in North America.

After considering all the information in the record of this proceeding, I find that granting MGR blanket authorization to import up to 50 Bcf and to export up to 50 Bcf of natural gas from and to Canada and Mexico over a two-year term, under contracts with terms of two years or less, is not inconsistent with the public interest. 5/

ORDER

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

A. Mountain Gas Resources, Inc. (MGR) is authorized to import up to 50 Bcf and to export up to 50 Bcf of natural gas from and to Canada and Mexico over a two-year term beginning on the date of the first import or export.

4/ See e.g., *Fina Natural Gas Company*, 1 FE 70,517 (December 27, 1991); *Enron Gas Marketing, Inc.*, 1 FE 70,512 (December 18, 1991); *Ocean State Power II*, 1 FE 70,510 (December 10, 1991).

5/ Because the proposed importation/exportation of gas will use existing facilities, DOE has determined that granting this authorization 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

— seg.); therefore, an environmental impact statement or —
environmental assessment is not required. See 40 CFR 1508.4

— and 54 FR 12474 (March 27, 1989).

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

C. Within two weeks after deliveries begin, MGR 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, MGR 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.

Issued in Washington, D.C., on May 21, 1992.

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