

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

LEDCO, INC.

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FE DOCKET NO. 92-07-NG

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

DOE/FE OPINION AND ORDER NO. 624

MAY 29, 1992

I. BACKGROUND

On January 31, 1992, LEDCO, Inc. (LEDCO), 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 to import from any foreign country and to and export to any foreign country a combined total of up to 200 Bcf of natural gas, including liquefied natural gas (LNG). 1/ LEDCO, a Louisiana corporation with its principal place of business in Houston, Texas, markets natural gas under short-term arrangements to pipelines, local distribution companies and commercial and industrial end-users. LEDCO requests blanket authorization to import and export this gas and LNG for its own account as well as for the accounts of others. The authorization would be granted for a period of two years beginning with the date of the first import or export delivery. No new facilities are proposed in connection with these transactions.

A notice of the application was published in the Federal Register on March 27, 1992, inviting protests, motions to intervene, notices of intervention, and comments to be filed by April 27, 1992.² No comments or motions to intervene were received.

1/ LEDCO had authority to import and export up to 175 Bcf of natural gas and LNG which expired May 22, 1992.

2/ 57 F.R. 10660.

II. DECISION

The application filed by LEDCO 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." 3/ This determination is guided by DOE's natural gas import policy guidelines, 4/ 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, the domestic need for the gas to be exported is considered, and any other issues determined to be appropriate in a particular case.

LEDCO's uncontested import/export proposal, as set forth in its application, is consistent with section 3 of the NGA and DOE's international gas trade policy. The import/export authorization sought by LEDCO will provide it with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term import and export arrangements without further regulatory action. Under LEDCO's proposed import/export arrangements, transactions will only occur when producers and sellers can provide spot or short-term volumes, customers need such import/export volumes, and prices remain competitive. Natural gas supplies in the United States are

3/ 15 U.S.C. 717b.

4/ 49 F.R. 6684, February 22, 1984.

expected to continue to be more than adequate to meet consumer demand. For this reason, and because LEDCO's proposed transactions would 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. Therefore, LEDCO's import/export proposal will further the Secretary of Energy's policy goal to reduce trade barriers by promoting a more market-oriented gas trade among the United States and other countries.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing LEDCO to import from any foreign country and to export to any foreign country a combined total of up to 200 Bcf of natural gas, including LNG, under contracts with terms of two years or less is not inconsistent with the public interest. 5/

ORDER

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

A. LEDCO Inc. (LEDCO), is authorized to import from any foreign country and to export to any foreign country a combined total of up to 200 Bcf of natural gas and liquefied natural gas

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.);

therefore an environmental impact statement or environmental

assessment is not required. See 40 C.F.R. 1508.4 and 57 F.R.
15122 (April 24, 1992).

(LNG) over a period of two years beginning on the date of the first import or export delivery.

B. This natural gas and LNG may be imported and/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, LEDCO 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, LEDCO shall file within 30 days following each calendar quarter, quarterly reports indicating whether sales of imports or exports have been made. If no imports or exports have occurred, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, LEDCO must report monthly total volumes in Mcf, and the average sales price per MMBtu at the international border. The reports shall also provide the details of each import and export transaction, including (1) the country of origin for the imports; (2) the destination of the exports; (3) the names of the seller(s); (4) the names of the purchaser(s), including those other than LEDCO; (5) the estimated or actual duration of the agreement(s); (6) the names of the U.S. transporter(s), including any LNG tankers used; (7) the points of entry or exit; (8) the geographic

market(s) served; (9) whether the sales are being made on an interruptible or firm basis; and, if applicable, (10) 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. 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 no 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., May 29, 1992.

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