

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

---

SIGNAL FUELS TRADING CORPORATION	)	FE DOCKET NO. 92-28-NG
	)	
	)	

---

ORDER GRANTING BLANKET AUTHORIZATION TO IMPORT  
AND EXPORT NATURAL GAS FROM AND TO CANADA AND MEXICO

DOE/FE OPINION AND ORDER NO. 626

---

JUNE 3, 1992

---

I. BACKGROUND \_\_\_\_\_

On March 2, 1992, Signal Fuels Trading Corporation (SFTC) 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 import up to 20 Billion cubic feet (Bcf) and export up to 20 Bcf of natural gas from and to Canada and Mexico over a two-year term beginning on the date of the first delivery. SFTC proposes to use existing pipeline facilities for the imports and exports and no new construction would be involved.

SFTC is a corporation organized under the laws of the State of Colorado with its principal place of business in Denver, Colorado. SFTC is a natural gas marketer active in arranging the sale and transportation of domestic gas in United States markets. SFTC states that it now seeks to expand its marketing activities to Mexican and Canadian markets.

According to the application, the requested import/export authorization would enable SFTC to: (1) export domestically produced natural gas for consumption in Mexican or Canadian markets; (2) export domestically produced natural gas for eventual return (via import) to United States markets; (3) import Mexican or Canadian natural gas for consumption in United States markets; and (4) import Mexican or Canadian natural gas for eventual return (via export) to Mexican or Canadian markets. The imported or exported natural gas would be sold to a range of purchasers, including local distribution companies, pipelines and

commercial and industrial end-users. SFTC indicates that it may act on its own behalf or as agent on behalf of others. SFTC asserts that the specific terms of each blanket import and export sale arrangement would be negotiated on an individual basis at market responsive prices.

DOE published a notice of receipt of SFTC's application in the Federal Register on March 25, 1992, inviting protests,

---

motions to intervene, notices of intervention, and comments to be filed by April 24, 1992.<sup>1/</sup> No interventions or comments were received.

## II. Decision

---

The application filed by SFTC has been evaluated to determine if the proposed import and export arrangement meets the public interest requirements of section 3 of the NGA. Under section 3, an import or export must be authorized unless there is a finding that it "will not be consistent with the public interest."<sup>2/</sup> With regard to imports, this determination is

guided by DOE's natural gas import policy guidelines under which the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.<sup>3/</sup>

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.

---

1/ 57 FR 10349.

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

3/ 49 FR 6684, February 22, 1984. \_

SFTC'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. SFTC's market-based approach for negotiating short-term imports and exports will enhance competition in gas markets. The current surplus of domestic gas supplies, combined with the short-term, market-responsive nature of the contracts, indicate that it is unlikely that the proposed export volumes will be needed domestically during the term of the authorization. Finally, SFTC's proposal, like other authorized blanket import/export proposals,<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.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing SFTC to import up to 20 Bcf and export up to 20 Bcf of natural gas over a two-year term beginning on the date of first delivery, under contracts with terms of two years or less, is not inconsistent with the public interest.<sup>5/</sup>

---

4/ See e.g., MASSPOWER, 1 FE 70,542 (February 28, 1992); Alenco Resources, Inc., 1 FE 70,525 (December 31, 1991); Sun Operating Limited Partnership, 1 FE 70,520 (December 27, 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

— seq.) and therefore an environmental impact statement or —  
environmental assessment is not required. See 40 CFR 1508.4

— and 57 FR 15122 (April 24, 1992).

## ORDER

---

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

A. Signal Fuels Trading Corporation (SFTC) is authorized to import up to 20 Bcf and export up to 20 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.

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

C. Within two weeks after deliveries begin, SFTC shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, in writing of the date that the first import and first export delivery of natural gas authorized in Ordering Paragraph A above occurs.

D. With respect to the natural gas imports and exports authorized by this Order, SFTC shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports of natural gas have been made, and if so, SFTC shall submit monthly total volumes of the imports and exports in Mcf and the average purchase or sales price per MMBtu at the international border. The reports shall also provide the details of each import or export transaction, including: (1) the country of origin for the imports; (2) the name of the seller(s); (3) the name of the

purchaser(s); (4) the estimated or actual duration of the agreement(s); (5) the transporter(s); (6) the point(s) of entry or exit; (7) the geographic market(s) served; and, if applicable, (8) the contract pricing provisions, including the per unit (MMBtu) demand/commodity/reservation charge breakdown of the price, any special contract price adjustment clauses, or 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 of June 30, 1992.

Issued in Washington, D.C., on June 3, 1992.

---

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