

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

_____)
GLOBAL PETROLEUM CORP.) FE DOCKET NO. 91-104-NG
_____)

ORDER GRANTING BLANKET AUTHORIZATION TO IMPORT
AND EXPORT NATURAL GAS, INCLUDING LIQUEFIED NATURAL GAS

DOE/FE OPINION AND ORDER NO. 634

JUNE 12, 1992

I. BACKGROUND _____

On December 4, 1991, as supplemented on December 9, 1991, Global Petroleum Corp. (Global) 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. Global requested blanket authorization to import and export up to a maximum of 100 Bcf of natural gas, including liquefied natural gas (LNG), from and to Canada and Mexico, over a two-year term beginning with the date of first import or export. Global, a Massachusetts corporation with its principal place of business in Waltham, Massachusetts, is a marketer of natural gas. It is an affiliate of Trinity Pipeline Inc., which is also a marketer of natural gas. Global would use existing pipeline facilities for the transportation of the natural gas volumes and would submit quarterly reports detailing each transaction.

Global proposes to purchase U.S. natural gas from a variety of suppliers in various producing states and resell to customers outside the U.S. Also, Global contemplates purchasing natural gas supplies from a variety of foreign suppliers and reselling such supplies to domestic purchasers, including local distribution companies, pipelines, and commercial and industrial end-users. Global requests authorization to import and export natural gas and LNG for its own account as well as for the accounts of others. Although the identity of the other parties are not known at this time, Global states that the individual import and export transactions would be conducted through arm's

length bargaining and the price would be competitive in the marketplace. In addition, Global asserts that the gas to be exported would be incremental to the needs of current domestic purchasers in the area from which the supplies would come.

A notice of the application was published in the Federal Register on January 3, 1992, inviting protests, motions to intervene, notices of intervention, and comments to be filed by February 3, 1992.^{1/} No comments or motions to intervene were received.

II. DECISION

The application filed by Global 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.

^{1/} 57 F.R. 285.

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

3/ 49 F.R. 6684, February 22, 1984. _

Global'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. Global'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, Global's proposal, like other blanket import/export proposals that have been approved by the DOE,^{4/} 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, Global'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 Global blanket authorization to import and export up to a maximum of 100 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.^{5/}

4/ 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
(continued...)

ORDER

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

A. Global Petroleum Corp. (Global) is authorized to import and export from and to Canada and Mexico up to a maximum of 100 Bcf of natural gas, including liquefied natural gas (LNG), over a 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, Global 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, Global shall file within 30 days following each

5/(...continued)
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. 4321, et seq.) and 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).

calendar quarter, quarterly reports indicating whether imported and/or exported sales have been made. If no imports/exports have been made, a report of "no activity" for that calendar quarter must be filed. If imports/exports occurred, Global 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 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. 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 June 12, 1992.

Charles F. Vacek
Deputy Assistant Secretary
for Fuels Programs

Office of Fossil Energy