

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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SANTANNA NATURAL GAS CORPORATION) FE DOCKET NO. 92-96-NG
_____)

ORDER GRANTING BLANKET AUTHORIZATION TO IMPORT AND
EXPORT NATURAL GAS, INCLUDING LIQUEFIED NATURAL GAS,
FROM AND TO CANADA, MEXICO AND OTHER COUNTRIES

DOE/FE OPINION AND ORDER NO. 681

OCTOBER 9, 1992

I. BACKGROUND

On July 21, 1992, Santanna Natural Gas Corporation (Santanna), 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 and/or export a combined total of up to 200 Bcf of natural gas, including liquefied natural gas (LNG), from and to Canada, Mexico and other countries, over a two-year term beginning on the date of the first delivery after December 31, 1992, the day Santanna's current blanket authorization expires.^{1/} Santanna will use existing pipeline and LNG facilities for the imports and exports.

Santanna is a corporation organized and existing under the laws of the State of Texas with its principal place of business in Austin, Texas. Santanna is a gatherer-marketer of natural gas who plans to import and export natural gas on its own behalf or as an agent for others. Under the requested authority, Santanna intends to import gas for sale to a wide range of markets in the United States, including pipelines, local distribution companies, and commercial and industrial end-users. Santanna indicates that the import transactions will be based on the specific needs of gas customers and that the domestically-produced gas to be exported will be incremental to current domestic need. Santanna anticipates that all transactions conducted under the requested

^{1/} See DOE/FE Opinion and Order No. 445, 1 FE 70,422 (November 14, 1990)

authorization will be short-term in nature and reflect market conditions at the time of negotiation.

A notice of the application was published in the Federal Register on August 7, 1992, inviting protests, motions to intervene, notices of intervention and comments to be filed by September 8, 1992.^{2/} No comments or motions to intervene were received.

II. DECISION

The application filed by Santanna has been evaluated to determine if the proposed import/export arrangements meet 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."^{3/} Regarding import authorizations, the section 3 determination is guided by DOE's natural gas import policy guidelines.^{4/} Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test. When natural gas export applications are reviewed, domestic need for the gas to be exported is considered, as well as any other issues determined to be appropriate in a particular case.

Santanna's uncontested import/export proposal, as set forth in the application, is consistent with section 3 of the NGA and

- 2/ 57 F.R. 34927. _
- 3/ 15 U.S.C. 717b. _
- 4/ 49 F.R. 6684 (February 22, 1984). _

DOE's international gas trade policy. The import/export authorization sought by Santanna, similar to other blanket arrangements approved by DOE,^{5/} will provide Santanna with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term import and export arrangements without further regulatory action. Under Santanna's proposed import/export arrangements, transactions will only occur when suppliers can provide spot or short-term volumes, customers need such import/export volumes, and prices remain competitive. Additionally, because natural gas supplies in the United States are expected to continue to be more than adequate to meet consumer demand, it is unlikely that the proposed export volumes will be needed in the domestic market during the term of this authorization. Therefore, Santanna'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 U.S. and other countries.

After considering all the information in the record of this proceeding, I find that authorizing Santanna to import and/or export a combined total of up to 200 Bcf of natural gas, including LNG, from and to Canada, Mexico and other countries,

^{5/} E.g., Unigas Corporation, 1 FE 70,590 (June 5, 1992); ARCO

Natural Gas Marketing Inc., 1 FE 70,604 (June 29, 1992); and

Texas-Ohio Gas, Inc., 1 FE para. 70,615 (July 29, 1992).

under contracts with terms of two years or less, is not inconsistent with the public interest.^{6/}

ORDER

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

A. Santanna Natural Gas Corporation (Santanna) is authorized to import and/or export a combined total of up to 200 Bcf of natural gas, including liquefied natural gas (LNG), from and to Canada, Mexico and other countries, over a two-year term, beginning on the date of first delivery after December 31, 1992.

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

C. Within two weeks after deliveries begin, Santanna 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. Regarding the natural gas imports and exports authorized by this Order, Santanna shall file with the Office of Fuels

^{6/} Because the proposed import/export 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.); therefore,

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neither an environmental impact statement nor an environmental
assessment is required. See 40 C.F.R. 1508.4 and 57 F.R. 15122

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(April 24, 1992).

Programs, 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 been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, Santanna must report monthly total volumes in Mcf, and the average sales price per MMBtu. The reports shall also provide the details of each import or export transaction, including (1) the country of origin for the imports; (2) the destination of the exports; (3) the names of the sellers; (4) the names of the purchasers(s); (5) the estimated or actual duration of the agreements; (6) the names of the transporter(s); (7) the point(s) of entry or exit; (8) the geographic market(s) served; and, (9) if applicable, 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 is due not later than April 30, 1993, and should cover the period from January 1, 1993 until the end of the calendar quarter, March 31, 1993.

Issued in Washington, D.C., on October 9, 1992.

Charles F. Vacek
Deputy Assistant Secretary
for Fuels Programs

Office of Fossil Energy