

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

NORCEN MARKETING INC.)
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FE DOCKET NO. 92-97-NG

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

DOE/FE OPINION AND ORDER NO. 682

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OCTOBER 9, 1992

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I. BACKGROUND

On July 21, 1992, Norcen Marketing Inc. (NMI), 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 authority to import and export up to an aggregate total of 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. NMI proposes to use existing pipeline and LNG facilities for the volumes to be imported or exported.

NMI, a Delaware corporation with its principal place of business in San Francisco, California, is a wholly-owned subsidiary of Norcen Explorer Inc. which in turn is a wholly-owned subsidiary of Norcen Energy Resources Limited, a Canadian corporation. NMI is a full service natural gas marketing company. NMI is engaged in the purchase, aggregation and resale of natural gas. Under the requested authority, NMI would make supplies of natural gas and LNG available to a wide range of markets in the United States, Canada, Mexico and other countries,

including pipelines, local distribution companies, and commercial and industrial end-users.

NMI asserts that any transaction conducted under the requested authorization will be price competitive, short-term, and reflect market conditions. The specific pricing and other terms of each import and export arrangement would be determined by competitive factors in the gas markets served and would be

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arrived at through arms-length negotiations. NMI would submit quarterly reports detailing each transaction.

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. 1/ No interventions or comments were received.

II. DECISION

The application filed by NMI 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

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 expected to continue to be more than adequate to meet consumer demand. For this reason, and because NMI's transactions will be short-term and market-responsive, it is unlikely that the proposed export volumes will be needed in the domestic market for the term of this authorization. Finally, NMI's proposal, like other blanket import/export proposals that have been approved by DOE,^{4/} will

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 NMI to import or export up to a combined total of 200 Bcf of natural gas,

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); and Enserch Gas Company, 1 FE 70,558 (April 10, 1992).

including LNG, from and to Canada, Mexico, and other countries 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.^{5/}

ORDER

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

A. Norcen Marketing Inc. is authorized to import or export up to a combined total of 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.

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

C. Within two weeks after deliveries begin, NMI 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/export

5/ Because the proposed import/export 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. 4321, et seq.) and therefore neither an environmental impact statement nor environmental assessment is required. See 40 CFR 1508.4 and 57 FR 15122 (April 24, 1992).

delivery of natural gas authorized in Ordering Paragraph A above occurred.

D. With respect to the natural gas imports/exports authorized by this Order, NMI 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 or LNG 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 occur, NMI must report total volumes 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 names of the seller(s); (3) the purchaser(s); (4) the estimated or actual duration of the agreement(s); (5) the name of the transporter(s); (6) points of entry or exit; (7) the geographic market(s) served; (8) whether the sales are being made on an interruptible or firm basis; (9) if applicable, the contract pricing provisions, including; the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract 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.

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E. The first quarterly report required by Ordering Paragraph D of this Order is due not later than January 30, 1993, and should cover the period from the date of this order until the end of the current calendar quarter December 31, 1992.

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

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

