

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

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INTERNATIONAL RESOURCE MANAGEMENT CORPORATION ) FE DOCKET NO.92-113-  
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ORDER GRANTING BLANKET AUTHORIZATION  
TO IMPORT AND EXPORT NATURAL GAS  
FROM AND TO CANADA AND MEXICO

DOE/FE ORDER NO. 740

NOVEMBER 30, 1992

## I. BACKGROUND

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On August 27, 1992, International Resource Management Corporation (IRMC) 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 authorization to import up to a combined total of 50 Bcf of natural gas from Canada and Mexico and to export up to a combined total of 50 Bcf of natural gas to Canada and Mexico. This application requests the authorization be approved for a period of two years beginning on the date of the first delivery. Only existing pipeline facilities would be used to transport the imported gas. IRMC, a Colorado corporation with its principal place of business in Denver, Colorado, is a marketer of natural gas. According to the application, the authority requested by IRMC contemplates the following types of import and export arrangements: (1) importation of supplies from Canada and Mexico for consumption in U.S. markets; (2) importation of Canadian and Mexican natural gas for eventual return (via export) to Canadian and Mexican markets; (3) exportation of domestically produced natural gas for consumption in Canadian and Mexican markets; and (4) exportation of domestically produced gas for eventual return (via import) to U.S. markets.

IRMC proposes to import and export this gas either for its own account or as agent on behalf of others. Although the identity of the parties are not known at this time, IRMC states

that the individual transactions would be conducted through arms length bargaining and the price would be competitive in the marketplace. The gas to be exported is asserted to be incremental to current domestic needs. IRMC agrees to comply with DOE reporting requirements.

A notice of the application was issued on September 11, 1992, inviting protests, motions to intervene, notices of intervention and comments to be filed by October 21, 1992.<sup>1/</sup>

No comments or motions to intervene were received.

## II. FINDING

The application filed by IRMC has been evaluated to determine if the proposed import/export arrangement meets the public interest requirements of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(a), an import or export of natural gas must be authorized unless there is a finding that it "will not be consistent with the public interest."<sup>2/</sup> Under section 3(c), natural gas imports from, or exports to, a nation which has in effect a free trade agreement with the United States requiring national treatment for trade in natural gas, and imports of LNG generally, are deemed to be consistent with the public interest.

1. 57 F.R. 43452, September 21, 1992.

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

IRMC's application, to the extent it proposes to import and export gas from and to Canada, meets the NGA section 3(c) criterion and thus by statute is consistent with the public interest. However, imports and exports of gas from and to Mexico, are not governed by section 3(c), leaving DOE to decide whether such an application is in the public interest. With regard to imports, this determination is guided by DOE's natural gas import policy guidelines.<sup>3/</sup> Under these guidelines, 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, as well as any other issues determined to be appropriate in a particular case.

The transactions proposed by IRMC for importing and exporting gas from and to Mexico, would only occur when producers and sellers can provide spot or short-term volumes, customers need such import/export volumes, and the prices remain competitive. In addition, natural gas supplies in the United States are expected to be more than adequate to meet consumer demand. For this reason, and because IRMC's transactions will be short-term and market responsive, it is unlikely the proposed export volumes will be needed domestically during the term of the authorization. Further, IRMC's proposed imports and exports will

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3. 49 F.R. 6648, February 22, 1984.

further the Secretary of Energy's policy goal to reduce trade barriers by promoting a more market-oriented gas trade between nations. Based on the foregoing, and after taking into consideration all of the information in the record of this proceeding, DOE concludes that granting IRMC's import/export authorization relative to Mexico is not inconsistent with the public interest.<sup>4/</sup>

ORDER

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

A. International Resource Management Corporation (IRMC), is authorized to import up to a combined total of 50 Bcf of natural gas from Canada and Mexico and to export up to a combined total of 50 Bcf of natural gas to Canada and Mexico for a period of two years beginning on the date of the first import or export.

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

C. Within two weeks after deliveries begin, IRMC shall provide written notification to the Office of Fuels Programs,

4. 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.) and

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

57 F.R. 15122 (April 24, 1992).

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 occurs.

D. Regarding the natural gas imports and exports authorized by this order, IRMC shall file with Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether 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, IRMC must report total monthly volumes in Mcf, and the average purchase or 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 name of the seller(s); (4) the name of the purchaser(s); (5) the estimated or actual duration of the agreement(s); (6) the name of the transporter(s); (7) the point(s) of entry or exit; (8) the geographic market(s) served; (9) whether the sales are being made on an interruptible or firm basis; and, (10) if applicable, the per unit (MMBtu) demand/commodity/reservation charge breakdown of the price, any special contract price adjustments clauses, and 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.

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

Issued in Washington, D.C., on November 30, 1992.

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