Cited as "1 FE Para. 70,496"

Tarpon Gas Marketing Ltd. (FE Docket No. 91-62-NG), November 11, 1991.

DOE/FE Opinion and Order No. 545

Order Granting Blanket Authorization to Export Natural Gas to Canada

I. Background

On August 9, 1991, Tarpon Gas Marketing Ltd. (TGM) 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 export from the United States to Canada up to 100 Bcf of U.S. natural gas over a two-year period commencing with the date of first delivery after October 1, 1991. TGM stated it would utilize existing pipeline facilities for the transportation of the proposed volumes to be exported and submit quarterly reports detailing each export transaction.

TGM is a Canadian corporation with its principal place of business in Calgary, Alberta. Under the authorization sought, TGM would export natural gas to Canada on a best efforts basis for spot and short-term markets under contracts of two-years or less. TGM anticipates that the majority of the sales would be interruptible and determined by market conditions. In support of its application, TGM maintains that there presently exists an excess supply of marketable U.S. gas available for export to Canadian markets that would serve to improve U.S. trade balances with Canada.

A notice of the application was issued on August 30, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by October 9, 1991.1/ No comments or motions to intervene were received.

II. Decision

The application filed by TGM has been evaluated to determine if the proposed export arrangement meets the public interest requirements of section 3 of the NGA. Under section 3, an export must be authorized unless there is a finding that it "will not be consistent with the public interest." 2/ 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.

TGM's uncontested export proposal, as set forth in the application, is consistent with section 3 of the NGA and the DOE's international gas trade policy. The current supplies of domestic gas, coupled with the short-term, market responsive nature of the contracts into which TGM proposes to enter, indicate that it is unlikely that the proposed export volumes will be needed domestically during the term of the authorization. In addition, TGM's proposal, like other blanket export proposals that have been approved by the DOE, 3/ will further the Secretary's policy goals of reducing trade barriers by encouraging market forces to achieve a more competitive distribution of goods between the U.S. and Canada. Thus, TGM's 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 TGM blanket authorization to export up to 100 Bcf of natural gas to Canada over a period of two years from date of first delivery, is not inconsistent with the public interest and should be approved. 4/

ORDER

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

A. Tarpon Gas Marketing Ltd. (TGM) is authorized to export up to 100 Bcf of natural gas from the United States to Canada over a two-year term beginning on the date of the first delivery.

B. Tarpon is authorized to export natural gas at any point on the international border where existing pipeline facilities are located.

C. Within two weeks after deliveries begin, TGM 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. With respect to the exports authorized by this Order, TGM shall file within 30 days following each calendar quarter, quarterly reports indicating whether exports of natural gas have been made, and if so, giving, by month, the total volume of the exports per Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each export transaction, including the names of the seller(s), and the purchaser(s), estimated or actual duration of the agreements, transporter(s), points of exit, geographic markets served, and 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. If no 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 January 30, 1992, and should cover the period from the date of this order until the end of the current calendar quarter December 31, 1991.

Issued in Washington, D.C., on November 11, 1991.

--Footnotes--

1/ 56 FR 45961, September 9, 1991.

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

3/ See e.g., Texaco Gas Marketing Inc., 1 FE Para. 70,458 (June 21, 1991); Venro Petroleum Corporation, 1 FE Para. 70,465 (July 22, 1991); and Energy Marketing Exchange, Inc., 1 FE Para. 70,478 (September 9, 1991).

4/ Because the proposed exportation 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 an environmental impact statement or environmental assessment is not required. See 40 CFR Sec. 1508.4 and 54 FR 12474 (March 27, 1989).