

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

_____)
ORYX GAS MARKETING LIMITED)
PARTNERSHIP) FE DOCKET NO. 91-73-NG
_____)

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

DOE/FE OPINION AND ORDER NO. 565

DECEMBER 27, 1991

I. BACKGROUND

On September 6, 1991, Oryx Gas Marketing Limited Partnership (Oryx) 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 authority to import and export natural gas, including liquefied natural gas (LNG). Specifically, Oryx requests blanket authorization to import up to 200 Bcf of natural gas from Canada, Mexico and other countries and to export up to 200 Bcf of natural gas to Canada, Mexico and other countries over a two-year term beginning on the date of the first delivery. Oryx proposes to use existing pipeline and LNG facilities for the imports and exports and no new construction would be involved.

Oryx is a limited partnership formed pursuant to the Delaware Revised Uniform Limited Partnership Act. Oryx is acting through its managing general partner, Oryx Energy Company, a Delaware corporation with its principal place of business in Dallas, Texas. Oryx is a wholly-owned subsidiary of Oryx Energy Company and a natural gas marketer active in arranging sales and transportation of natural gas in the United States.

Under the import authorization sought, Oryx would purchase natural gas and LNG from a variety of Mexican, Canadian and other foreign suppliers and resell it to various purchasers, including local distribution companies, pipelines, and commercial and industrial end-users. Under the export authorization requested, Oryx would acquire natural gas from a variety of United States

suppliers in various producing states and resell those supplies to foreign spot market purchasers, including commercial and industrial end-users and local distribution companies. Oryx asserts that specific terms of each blanket import and export sale arrangement would be negotiated on an individual basis at market responsive prices.

DOE published a notice of receipt of Oryx's application in the Federal Register on October 31, 1991, inviting protests,

motions to intervene, notices of intervention, and comments to be filed by December 2, 1991. 1/ No interventions or comments were received.

II. DECISION

The application filed by Oryx has been evaluated to determine if the proposed import and export arrangement meets the public interest requirements of section 3 of the NGA. Under section 3, imports and exports must be authorized unless there is a finding that such arrangements "will not be consistent with the public interest." 2/ With regard to imports, this determination is guided by DOE's natural gas import policy guidelines under which the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test. 3/ In reviewing natural gas export applications, domestic

1/ 56 FR 56072, October 31, 1991.

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

3/ 49 FR 6684, February 22, 1984.

need for the gas to be exported is considered, and any other issues determined to be appropriate in a particular case.

Oryx'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. The authorization sought, would provide Oryx with blanket import and export approval, within prescribed limits, to negotiate and transact individual, spot and short-term purchase arrangements without further regulatory action. The fact that each spot purchase will be voluntarily negotiated and market-responsive, as asserted in Oryx's application, provides assurance that the transactions will be competitive with other natural gas supplies available to Oryx.

In addition, the current supplies of domestic gas, coupled with the short-term, market-responsive nature of the contracts into which Oryx proposes to enter, indicate that it is unlikely the proposed export volumes will be needed domestically during the term of this authorization. Finally, Oryx'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.

4/ See, e.g., Inland Gas & Oil Corp., 1 FE 70,463

(July 5, 1991); Seagull Marketing Services, Inc.,

1 FE 70,470 (July 26, 1991); and Jonan Gas Marketing, Inc.,

1 FE 70,475 (August 22, 1991).

After taking into consideration all of the information in the record of this proceeding, I find that authorizing Oryx to import up to 200 Bcf of natural gas, including LNG, and to export up to 200 Bcf of natural gas, including LNG, 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. Oryx Gas Marketing Limited Partnership (Oryx) is authorized to import up to 200 Bcf of natural gas, including liquefied natural gas (LNG), and to export up to 200 Bcf of natural gas, including LNG, over a two-year term beginning on the date of first import or export.

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

C. Within two weeks after deliveries begin, Oryx shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056,

5/ Because the proposed importation/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).

Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, in writing of the date that the first import and first export delivery of natural gas authorized in Ordering Paragraph A above occurs.

D. With respect to the imports and exports authorized by this Order, Oryx shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether imports and/or exports of natural gas or LNG have been made, and if so, giving, by month, the total volume of the imports and exports in Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each import or export transaction, including the names of the seller(s), and the purchaser(s), including those other than Oryx, estimated or actual duration of the agreement(s), transporter(s), points of entry or exit, and market(s) served and, if applicable, 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. If no imports or 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 December 27, 1991.

Clifford P. Tomaszewski
Acting Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy