UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ENERGY INTERNATIONAL MARKETING CORPORATION	)	DOCKET NO. 92-26-NG

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

DOE/FE OPINION AND ORDER NO. 628

JUNE 5, 1991

I. BACKGROUND

On February 27, 1992, ENERGY International Marketing Corporation (EIMC) 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. EIMC requests blanket authorization to import from any foreign country and to export to any foreign country a combined total of up to 200 Bcf of natural gas, including liquefied natural gas (LNG), over a two-year period beginning on the date of first delivery. EIMC requests authorization to import and export gas for its own account, as well as for the accounts of others, for resale to pipelines, local distribution companies, and end-users. EIMC, a Texas corporation with its principal place of business in Kingwood, Texas, is a natural gas marketer which purchases, aggregates and resells natural gas in various markets. The identity of EIMC's suppliers and purchasers, and the specifics of each sale are not known at this time. However, EIMC states that the contractual arrangements, including the price paid for the gas, would be based on market conditions. EIMC would use existing facilities to import and export natural gas and would comply with DOE's quarterly reporting provisions.

A notice of the application was published in the Federal Register on April 3, 1992, inviting protests, motions to intervene, notices of intervention and comments to be filed by May 4, 1992.1/ No comments were received.

1/ 57 F.R. 11476.

II. DECISION

The application filed by EIMC 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 or export must be authorized unless there is a finding that it "will not be consistent with the public interest."2/ Regarding import authorizations, the section 3 determination is directed by DOE's natural gas import policy guidelines.3/ 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.

EIMC's uncontested import/export proposal, as set forth in the application, is consistent with section 3 of the NGA, DOE's natural gas import policy guidelines and DOE's international gas trade policy. The import/export authorization sought by EIMC, similar to other blanket arrangements approved by DOE,4/ will provide EIMC with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term import and export arrangements without further regulatory action. Under

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

3/ 49 F.R. 6684 (February 22, 1984).

4/ See, e.g., Fina Natural Gas Company, 1 FE 70,517 (December 27, 1991); Enron Gas Marketing, Inc., 1 FE 70,512 (December 18, 1991); Ocean State Power II, 1 FE 70,510 (December 10, 1991).

EIMC's proposed import/export arrangements, 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 EIMC's proposed transactions will be short-term and market-responsive, it is unlikely that the proposed export volumes will be needed in the domestic market during the term of this authorization. Therefore, EIMC'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 United States and other countries.

After considering all the information in the record of this proceeding, I find that authorizing EIMC to import from any foreign country and to export to any foreign country a combined total of up to 200 Bcf of natural gas, including LNG, under contracts with terms of two years or less, is not inconsistent with the public interest.5/

5/ 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, an environmental impact statement or environmental assessment is not required. See 40 C.F.R.   1508.4 and 57 F.R. 15122 (April 24, 1992).

ORDER

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

A. ENERGY International Marketing Corporation (EIMC) is authorized to import from any foreign country and to export to any foreign country a combined total of up to 200 Bcf of natural gas, including liquefied natural gas (LNG), over a two-year term, beginning on the date of first delivery.

B. This natural gas and LNG may be imported and/or exported at any point on the U.S. border that does not require the construction of new facilities.

C. Within two weeks after deliveries begin, EIMC 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, EIMC shall file with the Office of Fuels 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, EIMC must report monthly total volumes in Mcf, and the average 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 destination of the exports; (3) the names of the seller(s); (4) the names of the purchaser(s), including those other than EIMC; (5) the estimated or actual duration of the agreements; (6) the names of the U. S. 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 paragraph D of this order is due not later than July 30, 1992, and should cover the period from the date of this order until the end of the calendar quarter, June 30, 1992.

Issued in Washington, D.C., on June 5, 1992.

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