Cited as "1 ERA Para. 70,747"

Continental Natural Gas, Inc. (ERA Docket No. 87-45-NG), January 15, 1988.

DOE/ERA Opinion and Order No. 215

Order Granting Blanket Authorization to Export Natural Gas

I. Background

On August 25, 1987, Continental Natural Gas, Inc. (CNG), filed an application with the Economic Regulatory Administration (ERA) of the Department of Energy (DOE), pursuant to Section 3 of the National Gas Act (NGA) and DOE Delegation Order No. 0204-111, for blanket authorization to export up to 47.5 Bcf of natural gas to Canada over a term of two years, beginning on the date of first delivery, for sales on a short term or spot market basis. CNG, a corporation registered in the state of Oklahoma, is privately owned, has no subsidiaries and is not itself a subsidiary of any other corporation.

CNG intends to export natural gas either as a broker or agent or may purchase domestic gas on its own behalf for resale in Canada. The company states that the gas would be transported through existing facilities and will not require the construction of new or separate facilities to export the natural gas.

In support of its application, CNG maintains that its proposed export arrangement is fully consistent with the public interest requirement of Section 3 of the NGA and with DOE's policies on international gas trade. CNG states that, given the existing surplus of natural gas in the United States, the requested authorization would be in the public interest. The applicant maintains that this export would mitigate the current surplus of domestic natural gas and reduce the U.S. trade deficit.

The ERA issued a notice of the application on September 17, 1987, inviting protests, motions to intervene, notices of intervention, and comments to be filed by October 19, 1987.1/ No motions or comments were received.

II. Decision

The application filed by CNG has been evaluated in accordance with the Administrator's authority to determine if the proposed export arrangement meets the public interest requirements of Section 3 of the NGA. Under Section 3 an export is to be authorized unless there is a finding that it "will not be consistent with the public interest."2/ In reviewing natural gas export applications, the ERA considers the domestic need for the gas to be exported, and any other issues determined by the Administrator to be appropriate in a particular case.

CNG's arrangement for the export of natural gas, as set forth in the application, is consistent with DOE's international gas trade policy and Section 3 of the NGA. The current gas surplus, together with the short term requested and the fact that no party has argued the gas proposed to be exported is needed domestically, indicates that domestic need for this gas is not and will not be an issue during the term of this authorization. The ERA also finds that CNG's export proposal, like other similar blanket export arrangements recently approved by the ERA,3/ will further the policy goals of reducing trade barriers and encouraging market forces to achieve a more competitive distribution of goods between the U.S. and Canada.

After taking into consideration all the information in the record of this proceeding, I find that granting CNG blanket authority to export up to 47.5 Bcf of domestic natural gas over a term of two years is not inconsistent with the public interest.4/

ORDER

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

A. Continental Natural Gas, Inc. (CNG), is authorized to export up to 47.5 Bcf of natural gas to Canada over a two-year period, beginning on the date of first delivery.

B. CNG shall notify the Economic Regulatory Administration (ERA) in writing of the date of first delivery of natural gas exported under Ordering Paragraph A above within two weeks after the date of such delivery.

C. With respect to the exports authorized by this Order, CNG shall file with the ERA within 30 days following each calendar quarter, quarterly reports indicating whether sales of exported gas have been made and, if so, giving, by month, the total volume of exports in MMcf and the average selling price per MMBtu at the international border. The reports shall also provide the details of each transaction, including the names of the sellers and purchasers, estimated or actual duration of the arrangements, transporters, points of exit, markets served and, if applicable, any demand/commodity charge breakdown of the contract price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions.

Issued in Washington, D.C., on January 15, 1988.

--Footnotes--

1/ 52 FR 35127, September 17, 1987.

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

3/ See e.g., Hadson Canada, Inc., 1 ERA Para. 70,667 (September 9, 1986) Natgas (U.S.), Inc., 1 ERA Para. 70,668 (September 23, 1986); and Yankee International Company, 1 ERA Para. 70,670 (September 26, 1986).

4/ Because the proposed exportation of gas will use existing pipeline facilities, the DOE has determined that granting this application is clearly 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.