

Cited as "1 FE Para. 70,378"

JMC Fuel Services, Inc. (FE Docket No. 90-69-NG), November 15, 1990.

DOE/FE Opinion and Order No. 450

Order Granting Blanket Authorization to Export Natural Gas to Canada

I. Background

On August 10, 1990, JMC Fuel Services, Inc. (JMC Fuel), filed an application pursuant to section 3 of the Natural Gas Act (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127 for blanket authorization to export from the United States to Canada up to 12 Bcf of natural gas on an interruptible basis over a two-year period commencing with the date of first delivery. JMC Fuel intends to use existing pipeline facilities within the United States and at the international border for transportation of the exported gas. JMC Fuel states that it will advise the DOE of the date of first delivery and submit quarterly reports detailing each transaction.

JMC Fuel, a Delaware corporation and wholly owned subsidiary of J. Makowski Company, Inc., is a marketing company created to purchase and market natural gas in both the United States and Canada. JMC Fuel states that the contractual arrangements will be based solely on prevailing market prices and gas supply conditions.

A notice of the application was issued on October 9, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by November 13, 1990.^{1/} No comments were received.

II. Decision

The application filed by JMC Fuel 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.

JMC Fuel'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. We believe that the current supplies of domestic gas, coupled with the

short-term, market-responsive nature of the contracts into which JMC Fuel 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, JMC Fuel'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, JMC Fuel'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 JMC Fuel blanket authority to export a total of up to 12 Bcf of natural gas from the U.S. to Canada during a period of two years, under contracts with terms of up to two years, 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. JMC Fuel Services, Inc. (JMC Fuel), is authorized to export a total of up to 12 Bcf of natural gas from the United States to Canada during a two-year period commencing on the date of the first delivery.

B. JMC Fuel 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, JMC Fuel 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 occurs.

D. With respect to the exports authorized by this Order, JMC Fuel shall file within 30 days following each calendar quarter, quarterly reports indicating whether sales of exported natural gas have been made, and if so, giving by month, the total volume of the exports in Mcf and the average price for exports 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, and market(s) served.

Issued in Washington, D.C., on November 15, 1990.

--Footnotes--

1/ 55 FR 41596, October 12, 1990.

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

3/ See e.g., Kimball Energy Corporation, 1 FE Para. 70,330 (June 26, 1990); Unicorn Energy, Inc., 1 FE Para. 70,307 (March 9, 1990); and Dynasty Gas Marketing, Inc., 1 FE Para. 70,306 (February 26, 1990).

4/ Because the proposed exportation of gas will use existing 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. See 40 CFR Sec. 1508.4 and 54 FR 12474 (March 27, 1989).