

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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NESTE TRADING (USA), INC.)
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FE DOCKET NO. 92-99-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT NATURAL GAS TO MEXICO AND CANADA

DOE/FE OPINION AND ORDER NO. 703

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NOVEMBER 9, 1992

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I. BACKGROUND

On July 30, 1992, Neste Trading (USA), Inc. (Neste) 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 to Mexico and Canada up to 21.9 Bcf of U.S. natural gas over a two-year period beginning on the date of first delivery. Neste, a Delaware corporation with its principal place of business in Houston, Texas, is an indirect wholly-owned subsidiary of Neste Oy, a foreign corporation organized under the laws of Finland. Neste, a marketer of natural gas, intends to act as agent for Neste Oy and to export gas under spot and short-term sales arrangements, the terms of which, including price and volume, would be negotiated in response to market conditions.

In support of its application, Neste maintains that there is no present domestic need for the gas to be exported and that its export proposal will facilitate the marketing of surplus U.S. gas. According to Neste, only existing pipeline facilities would be used to transport the gas and it would submit quarterly reports detailing each transaction.

A notice of the application was published in the Federal Register on August 18, 1992, inviting protests, motions to intervene, notices of intervention, and comments to be filed by September 17, 1992.^{1/} No comments or motions to intervene were received.

1. 57 FR 37157.

II. FINDING

The application filed by Neste has been evaluated to determine if the proposed export arrangement meets the public interest requirements of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (P.L. 102-486). Under section 3(a), an export must be authorized unless there is a finding that it "will not be consistent with the public interest."² Under section 3(c), applications for

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authorization to export natural gas to a nation with which the United States has in effect a free trade agreement requiring national treatment for trade in natural gas are deemed to be consistent with the public interest.

Neste's application, to the extent it proposes to export gas to Canada, meets the NGA section 3(c) criterion and thus by statute is consistent with the public interest. Exports of gas to Mexico are not governed by section 3(c), leaving DOE to decide whether such an application is in the public interest. The principal consideration guiding DOE is the domestic need for the gas to be exported and any other issues determined to be appropriate in a particular case. DOE notes that natural gas supplies in the United States are expected to be more than adequate to meet consumer demand. For this reason, and because Neste's transactions will be short-term and market responsive, it is unlikely that the volumes exported to Mexico will be needed domestically during the term of the authorization. Additionally,

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

these exports will further the Secretary of Energy's policy goal to reduce trade barriers by promoting a more market-oriented gas trade between the United States and Mexico. Based on the foregoing, and after taking into consideration all of the information in the record of this proceeding, DOE concludes that authorizing Neste to export gas to Mexico is not inconsistent with the public interest.^{3/}

ORDER

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

A. Neste Trading (USA), Inc. (Neste) is authorized to export up to a maximum of 21.9 Bcf of natural gas from the United States to Mexico and Canada over a two-year term beginning on the date of the first delivery.

B. Neste is authorized to export this gas at any point on the U.S. border with Canada and Mexico where existing pipeline facilities are located.

C. Within two weeks after deliveries begin, Neste shall provide written notification to the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, Forrestal Building,

3. Because the proposed export of gas will use existing pipeline 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.) and therefore neither an environmental impact statement nor
— environmental assessment is required. See 40 C.F.R. 1508.4 and
— 57 F.R. 15122 (April 24, 1992).

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 exports authorized by this order, Neste shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether export sales have been made. If no exports have been made, a report of "no activity" for that calendar quarter must be filed. If exports occurred, Neste 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 export transaction, including:

- (1) the names of the purchaser(s);
- (2) the estimated or actual duration of the agreements;
- (3) the names of the U.S. transporter(s);
- (4) the point(s) of exit;
- (5) the geographic markets served; and,
- (6) whether the sales are being made on an interruptible or firm basis.

E. The first quarterly report required by Ordering Paragraph D of this Order is due not later than January 30, 1993, and should cover the period from the date of this order until the end of the current calendar quarter December 31, 1992.

Issued in Washington, D.C., on November 9, 1992.

Charles F. Vacek
Deputy Assistant Secretary
for Fuels Programs

Office of Fossil Energy