

Cited as "1 FE Para. 70,255"

Valero Industrial Gas, L.P. (FE Docket No. 89-53-NG), October 23, 1989.

DOE/FE Opinion and Order No. 342

Order Amending and Extending a Blanket Authorization to Export Natural Gas to Mexico

I. Background

On August 3, 1989, Valero Industrial Gas, L.P. (Vigas), 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 Orders Nos. 0204-111 and 0204-127, to amend and extend its existing blanket authorization to export natural gas to Mexico. Specifically, Vigas requested blanket authorization to export up to 150 Bcf of natural gas over a two-year period from November 1, 1989, through November 1, 1991.

Vigas is a limited partnership operating and existing under the laws of the State of Delaware with its principal place of business in San Antonio, Texas. Vigas was authorized, pursuant to Opinion and Order Nos. 199 1/ and 300,2/ to export a total of 31.88 Bcf of natural gas to Mexico for the two-year period from November 1, 1987, through November 1, 1989. Vigas is currently selling 101,000 MMBtus per day of natural gas under two contracts with Petroleos Mexicano (Pemex). Pemex has indicated that it would like to extend and possibly expand its current purchase arrangements with Vigas. Therefore, Vigas requested the amendment and extension of its authorization in order to serve Pemex as well as other potential customers. Vigas stated that the exported gas would be sold under short-term, market-responsive arrangements and that existing transportation and export facilities would be used.

A notice of the application was issued on September 12, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be filed by October 18, 1989.^{3/} A motion to intervene without comment was filed by Clajon Gas Co., L.P., on October 11, 1989. This order grants intervention to the movant.

II. Decision

The application filed by Vigas 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."^{4/} 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.

Vigas' 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 domestic natural gas supply, coupled with the short-term, market responsive nature of the contracts into which Vigas proposes to enter, indicate that it is unlikely the proposed export volumes will be needed domestically during the term of the authorization. In addition, Vigas' proposal, like other blanket export arrangements that have been approved 5/ by the DOE 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 Mexico, and thereby enhance cross-border competition in the marketplace.

After taking into consideration all the information in the record of this proceeding, I find extending Vigas blanket export authorization by granting its authority to export up to 150 Bcf of natural gas over a two-year period, beginning on November 1, 1989, and running through November 1, 1991, is not inconsistent with the public interest.

ORDER

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

A. Valero Industrial Gas, L.P. (Vigas), is authorized to export up to 150 Bcf of natural gas to Mexico for two years beginning November 1, 1989, through November 1, 1991.

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

C. With respect to the exports authorized by this Order, Vigas shall file with the Office of Fuels Programs within 30 days following each calendar quarter, quarterly reports indicating whether exports of natural gas have been made, and if so, giving, by month, the total volume of the exports in Mcf and the average selling price 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 agreement(s), transporter(s), points of exit, and, if applicable, the per unit (MMBtu) demand/commodity charge breakdown of the price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions.

D. The motion to intervene, as set forth in this Opinion and Order, is hereby granted, provided that participation of the intervenor shall be limited

to matters specifically set forth in its motion to intervene and not herein specifically denied and that admission of such intervenor shall not be construed as recognition that it might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on October 23, 1989.

--Footnotes--

1/ 1 ERA Para. 70,730 (October 20, 1987).

2/ 1 FE Para. 70,203 (February 22, 1989).

3/ 54 FR 38431, September 18, 1989.

4/ 15 U.S.C. Sec. 717b.

5/ See e.g., Western Energy, Inc., 1 FE Para. 70,234 (August 14, 1989); Gulf Energy Marketing Company, 1 FE Para. 70,232 (August 2, 1989); Brymore Energy Inc., 1 FE Para. 70,229 (June 19, 1989); and Texas International Gas and Oil Company, 1 FE Para. 70,228 (June 19, 1989).