

Cited as "1 FE Para. 70,333"

Transco Energy Marketing Company (FE Docket No. 90-27-NG), July 9, 1990.

DOE/FE Opinion and Order No. 406

Order Granting Blanket Authorization to Export Natural Gas from the United States to Mexico and Granting Intervention

## I. Background

On April 11, 1990, Transco Energy Marketing Company (TEMCO), 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, for blanket authorization to export up to 150,000 MMBtu of natural gas per day, a cumulative maximum of 109 Bcf over a two-year period, from the United States to Mexico beginning on the date of first delivery. TEMCO states that it intends to use existing pipeline facilities within the U.S. for the proposed gas exports and that it will submit quarterly reports giving the details of individual transactions.

TEMCO is a Delaware corporation with its principal place of business in Houston, Texas. The company requests authorization to export for its own account as well as the accounts of its U.S. suppliers and Mexican purchasers. TEMCO intends to participate in short-term or spot market sales of such gas to Mexican customers. It expects most transactions to be for terms of 30 days but that they could possibly extend for the term of the authorization. Contracts will be the product of arms-length negotiations with emphasis on competitive prices and flexibility. The company expects that market conditions will cause the price of the exported gas to be adjusted on a monthly basis.

A notice of this application was issued on April 23, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by May 29, 1990.<sup>1/</sup> A motion to intervene without comment was filed by Clajon Gas Company, L.P. This order grants intervention to this movant.

## II. Decision

The application filed by TEMCO 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." <sup>2/</sup> In reviewing natural gas export applications, domestic need for the natural gas

to be exported is considered, and any other issues determined to be appropriate in a particular case, including whether the arrangement is consistent with the DOE policy of promoting competition in the natural gas marketplace by allowing commercial parties to freely negotiate their own trade arrangements.

TEMCO'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. The current domestic natural gas supply, coupled with the short-term, market-responsive nature of the contracts into which TEMCO proposes to enter, indicate that it is unlikely that the proposed export volumes will be needed during the term of the authorization. In addition, TEMCO's proposal, similar other blanket export proposals that have been approved,<sup>3/</sup> 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 United States and Mexico, and thereby 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 TEMCO blanket authority to export up to a combined total of 109 Bcf of natural gas from the United States to Mexico during a two-year term, under contracts with terms of two years or less, is not inconsistent with the public interest and should be approved.<sup>4/</sup>

### ORDER

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

A. Transco Energy Marketing Company (TEMCO) is authorized to export up to a combined total of 109 Bcf of natural gas from the United States to Mexico during a two-year term beginning on the date of first delivery.

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

C. Within two weeks after deliveries begin, TEMCO shall notify the Office of Fuels Programs, Fossil Energy, Department of Energy, Room 3F-056, FE-50, 1000 Independence Avenue S.W., Washington, D.C. 20585, in writing 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, TEMCO 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 purchase price per MMBtu at the international border. The reports shall also provide the details of each export transaction, including the names of the purchaser(s), estimated or actual duration of the agreement(s), transporter(s), point 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.

E. 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 they might be aggrieved because of any other issued in these proceedings.

Issued in Washington, D.C., on July 9, 1990.

--Footnotes--

1/ 55 FR 17815, April 27, 1990.

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

3/ See, e.g., Equitable Resources Marketing Company, 1 FE Para. 70,271 (December 6, 1990); Norbac International Corporation, 1 FE Para. 70,270 (December 6, 1990); Western Gas Processors, Ltd., FE Docket No. 89-61-NG (January 23, 1990); Carson Water Company, FE Docket No. 89-78-NG (February 7, 1990); Dynasty Gas Marketing, Inc., FE Docket No. 89-85-NG (February 26, 1990); and Unicorp Energy, Inc., FE Docket No. 89-89-NG (March 9, 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).