

Cited as "1 FE Para. 70,358"

Tejas Power Corporation (FE Docket No. 90-57-NG), October 9, 1990.

DOE/FE Opinion and Order No. 432

Order Granting Blanket Authorization to Export Natural Gas to Mexico

I. Background

On June 26, 1990, Tejas Power Corporation (Tejas Power) 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 Mexico up to 200 Bcf of natural gas over a two-year period commencing July 1, 1990. Tejas Power states that it intends to use existing pipelines facilities within the United States and at the international border for transportation of the exported gas. Tejas Power states that it will advise the DOE of the date of first delivery and submit quarterly reports detailing each transaction.

Tejas Power, a wholly owned subsidiary of Harken Energy Corporation, is a Texas corporation with its principal place of business in Houston, Texas. Tejas Power intends to export natural gas to Mexico for spot market sales both for its own account as well as for the accounts of its U.S. suppliers and Mexican purchasers. Tejas Power is engaged in the business of exporting natural gas, brokering of natural gas services, and selling and/or arranging for the sale of natural gas for resale to specific end users. Tejas Power states that all export sales will result from arms-length negotiations and that prices will be determined by market conditions.

A notice of the application was issued on August 21, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by September 26, 1990.¹ No comments were received.

II. Decision

The application filed by Tejas Power 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.

Tejas Power's uncontested export proposal, as set forth in the application, is consistent with section 3 of the NGA and 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 Tejas Power 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, Tejas Power'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 Mexico. Thus, Tejas Power'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 Tejas Power blanket authority to export a total of up to 200 Bcf of natural gas from the U.S. to Mexico 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. Tejas Power Corporation (Tejas Power), is authorized to export a total of up to 200 Bcf of natural gas from the United States to Mexico during a two-year period beginning on the date of the first delivery.

B. Tejas Power 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, Tejas Power 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, Tejas Power 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 October 9, 1990.

--Footnotes--

1/ 55 FR 34314, August 22, 1990.

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

3/ See e.g., Transco Energy Marketing Company, 1 FE Para. 70,333 (July 9, 1990); Carson Water Company, 1 FE Para. 70,302 (February 7, 1990); and Libra Marketing, Inc., 1 FE Para. 70,284 (January 10, 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).