

Cited as "1 FE Para. 70,386"

Corpus Christi Gas Marketing, Inc. (FE Docket No. 90-79-NG), November 23, 1990.

DOE/FE Opinion and Order No. 457

Order Granting Blanket Authorization to Export Natural Gas to Mexico

I. Background

On September 10, 1990, Corpus Christi Gas Marketing, Inc., (CCGM), 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 from the United States to Mexico up to 145 Bcf of natural gas over a two-year term beginning with date of first export.

CCGM is a Texas corporation with its principal place of business in Corpus Christi, Texas. CCGM intends to export natural gas to Mexico for spot market sales both for its own account as well as for the accounts of others. The gas to be exported will be supplied by producers primarily in the State of Texas. The Mexican purchasers of the gas are expected to include, but are not limited to, commercial and industrial end-users and local distribution companies. CCGM states that all export sales will result from arms-length negotiations and that prices will be determined by market conditions. CCGM stated that it will utilize existing pipeline facilities for the transportation of the proposed volumes to be exported, and indicated that it would submit quarterly reports detailing each blanket export sales transaction.

In support of its application, CCGM states that there is no current domestic need for the gas that would be exported. CCGM further claims that gas exports would benefit the states for which supplies are drawn by generating tax and related revenues that would not otherwise be forthcoming, as well as benefit the U.S. by reducing the current trade deficit and creating new markets for domestic gas. For these reasons, CCGM maintains that the proposed exports of natural gas would be consistent with the public interest.

A notice of the application was issued on September 27, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by November 2, 1990.¹ No comments were received.

II. Decision

The application filed by CCGM 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 export applications, domestic need for the gas exported is considered, and any other issues determined to be appropriate in a particular case.

CCGM'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.

Current domestic natural gas supply, coupled with the short-term, market-responsive nature of the contracts into which CCGM proposes to enter, indicate that it is unlikely the proposed export volumes will be needed domestically during the term of this authorization. In addition, CCGM's proposal, like other blanket export proposals that have been approved by DOE,^{3/} will advance the Secretary of Energy'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.

After taking into consideration all of the information in the record of this proceeding, I find that granting CCGM blanket authorization to export up to a total of 145 Bcf of natural gas over a two-year term under contracts with terms of two years or less, beginning on the date of first export, is not inconsistent with the public interest.^{4/}

ORDER

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

A. Authorization is hereby granted to Corpus Christi Gas Marketing, Inc. (CCGM), to export up to an aggregate of 145 Bcf of natural gas to Mexico over a two-year term beginning on the date of first export.

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, CCGM shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, 1000 Independence Avenue, S.W., Washington, D.C. 20585, in writing of the date that the first export authorized in Ordering Paragraph A above occurs.

D. With respect to the exports authorized by this Order, CCGM 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 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 purchaser(s), and of the seller(s), including those other than CCGM, estimated or actual duration of the agreement(s), transporter(s), points of exit, and market(s) served.

Issued in Washington, D.C., on November 23, 1990.

--Footnotes--

1/ 55 FR 40424, October 3, 1990.

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

3/ See e.g., Access Energy Corporation, 1 FE Para. 70,361 (October 10, 1990); Transco Energy Marketing Company, 1 FE Para. 70,359 (October 9, 1990); and Tejas Power Corporation, 1 FE Para. 70,358 (October 9, 1990).

4/ Because the proposed exportation of gas will use existing facilities, the DOE has determined that granting this application 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 an environmental impact statement or environmental assessment is not required. See 40 CFR Sec. 1508.4 and 54 FR 12474 (March 27, 1989).