

Cited as "1 FE Para. 70,406"

Clajon Marketing, L.P. (FE Docket No. 90-94-NG), January 31, 1991.

DOE/FE Opinion and Order No. 473

Order Granting Blanket Authorization to Export Natural Gas to Mexico and Granting Intervention

I. Background

On October 26, 1990, Clajon Marketing, L.P. (Clajon), 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 365 Bcf of natural gas over a two-year term beginning with date of first export.

Clajon is a Delaware Limited Partnership with its principal place of business in San Antonio, Texas. Clajon intends to export natural gas to Mexico for spot market sales both for its own account as well as for the accounts of others. Clajon states that all export sales will result from arms-length negotiations and that prices will be determined by market conditions. As a marketer of natural gas, Clajon acts as agent on behalf of both producers and purchasers in securing transportation arrangements for such gas when necessary. Clajon states that it would utilize existing pipeline facilities for the transportation of the proposed volumes to be exported, and it would submit quarterly reports detailing each blanket export sales transaction.

In support of its application, Clajon states that there is no current domestic need for the gas that would be exported. Clajon further claims that gas exports would benefit the states from 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, Clajon maintains that the proposed exports of natural gas would be consistent with the public interest.

A notice of the application was issued on November 29, 1990, inviting protests, motions to intervene, notices of intervention, and comments to be filed by December 31, 1990.^{1/} A motion to intervene without comment or request for additional procedures was filed by Valero Transmission, L.P. This order grants intervention to this movant.

II. Decision

The application filed by Clajon 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 proposed gas exports is considered, and any other issues determined to be appropriate in a particular case. Clajon'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 Clajon proposes to enter,

indicate that it is unlikely the proposed export volumes will be needed domestically during the term of this authorization. In addition, Clajon'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 Clajon blanket authorization to export up to a total of 365 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 Clajon Marketing, L.P. (Clajon), to export up to an aggregate of 365 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, Clajon 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 of the first export authorized in Ordering Paragraph A above.

D. With respect to the exports authorized by this Order, Clajon 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 Clajon, estimated or actual duration of the agreement(s), transporter(s), points of exit, and market(s) served.

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 the admission of this 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 January 31, 1991.

--Footnotes--

1/ 55 FR 49562, November 29, 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).