

Cited as "1 FE Para. 70,446"

American Central Gas Companies, Inc. (FE Docket No. 91-06-NG), May 16, 1991.

DOE/FE Opinion and Order No. 502

Order Granting Blanket Authorization to Export Natural Gas to Mexico

I. Background

On January 23, 1991, American Central Gas Companies, Inc., (American Central), 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 200,000 MMBtu per day of natural gas, for a total maximum quantity of up to 146 Bcf of natural gas over a two-year period commencing on the date of first delivery. American Central states that it intends to use existing pipeline facilities for transportation of the exported gas.

American Central, a Delaware corporation with its principal place of business in Tulsa, Oklahoma, is engaged in the gathering, processing and marketing of natural gas, and owns gathering and processing facilities in the States of Oklahoma, Texas, Louisiana and Mississippi. American Central 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. American Central states the gas to be exported will be supplied by U.S. producers, marketers and pipelines. The Mexican purchasers of the gas are expected to include industrial end-users, agriculture users, electric utilities, pipelines and local distribution companies. In support of its application American Central maintains 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 February 28, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by April 5, 1991.^{1/} No comments were received.

II. Decision

The application filed by American Central 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.

American Central'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 American Central 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, American Central'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, American Central'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 American Central blanket authority to export a total of up to 146 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/} Consistent with our treatment of similar blanket applications, there will be no restriction on the daily or annual volume that may be exported. This maximizes the flexibility of spot market exporters and importers to provide gas supplies to meet customer demand.

ORDER

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

A. American Central Gas Companies, Inc. (American Central), is authorized to export a total of up to 146 Bcf of natural gas from the United States to Mexico during a two-year period beginning on the date of the first delivery.

B. American Central 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, American Central 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, American Central 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 May 16, 1991.

--Footnotes--

1/ 56 FR 9351, March 6, 1991.

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

3/ See e.g., Tejas Power Corporation, 1 FE Para. 70,358 (October 9, 1990); Corpus Christi Gas Marketing, Inc.; 1 FE Para. 70,386 (November 11, 1990); and Clajon Marketing, L.P., 1 FE Para. 70,406 (January 29, 1991).

4/ Because the proposed exportation of gas will use existing facilities, 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).