

Cited as "1 FE Para. 70,465"

Venro Petroleum Corporation (FE Docket No. 91-27-NG), July 22, 1991.

DOE/FE Opinion and Order No. 519

Order Granting Blanket Authorization to Export Natural Gas to Mexico

I. Background

On April 8, 1991, Venro Petroleum Corporation (Venro), filed an application with the Department of Energy (DOE), pursuant to section 3 of the Natural Gas Act (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127 requesting for blanket authorization to export from the United States to Mexico up to 146 Bcf of natural gas on a short-term or spot market basis over a two-year period commencing on the date of first delivery. Venro states that it intends to use existing pipeline facilities for transportation of the exported gas.

Venro, a Delaware corporation with its principal place of business in Houston, Texas, intends to export natural gas purchased from U.S. producers in the States of Texas, Louisiana, and New Mexico, primarily for sales to Petroleos Mexicanos (Pemex), Mexico's national oil company. In support of its application Venro 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 May 28, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by July 3, 1991.^{1/} No comments were received.

II. Decision

The application filed by Venro 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.

Venro'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. The current supplies of domestic gas, coupled with the short-term, market responsive nature of the contracts into which Venro 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, Venro'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, Venro'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 Venro 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/}

ORDER

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

A. Venro Petroleum Corporation (Venro), 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 first export.

B. Venro is authorized to export natural gas at any point on the international boundary line which does not require construction of new border facilities.

C. Within two weeks after deliveries begin, Venro 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, Venro 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 July 22, 1991.

--Footnotes--

1/ 56 FR 25091, June 3, 1991.

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

3/ E.g., Corpus Christi Gas Marketing, Inc., 1 FE Para. 70,386 (October 9, 1990); Clajon Marketing, L.P.; 1 FE Para. 70,406 (January 29, 1991); and American Central Gas Companies, Inc., 1 FE Para. 70,446 (May 16, 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).