

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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ENRON OIL & GAS MARKETING INC.) FE DOCKET NO. 91-83-NG
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ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT NATURAL GAS
TO MEXICO

DOE/FE OPINION AND ORDER NO. 578

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JANUARY 24, 1992

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I. BACKGROUND

On October 10, 1991, Enron Oil & Gas Marketing (EOGM) 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 to Mexico up to 50,000 Mcf per day of natural gas, up to an aggregate maximum of 36.5 Bcf, over a two-year period beginning on the date of first delivery of the exported gas. EOGM intends to use existing U.S. natural gas pipelines to transport the exported gas and states it would comply with DOE's quarterly reporting provisions.

EOGM is a Delaware corporation with its principal place of business in Houston, Texas. EOGM intends to export gas supplied by domestic producers to Mexican purchasers under arms-length agreements containing prices and other terms and conditions negotiated in response to market conditions. EOGM anticipates that all transactions will be short-term in nature with none exceeding a term of two years.

In support of its import request, EOGM asserts there exists no national or regional need for the gas it proposes to export and the short-term nature of the requested export authorization protects against the possibility that a national or regional need for these supplies might develop in the future. Further, EOGM notes that the proposed export of natural gas will benefit U.S. producers by increasing the demand for domestically produced natural gas, will lower the U.S. trade deficit, and will enhance

development of the U.S. trade relationship with a neighboring country.

A notice of the application was published in the Federal Register on December 2, 1991, inviting protests, motions to intervene, notices of intervention and comments to be filed by January 2, 1992. 1/ No comments were received.

II. DECISION

The application filed by EOGM 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 as well as any other issues determined to be appropriate in a particular case.

EOGM's uncontested export proposal, as set forth in the application, is consistent with section 3 of the NGA and DOE's natural gas export policy guidelines. The current supplies of domestic gas, coupled with the short-term, market responsive nature of the contracts into which EOGM proposes to enter, indicate that it is unlikely that the proposed export volumes will be needed during the term of the authorization. In addition, EOGM's proposal, like other blanket proposals that have

1/ 56 FR 61240, December 2, 1991.

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

been approved by 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, EOGM'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 EOGM authority to export natural gas to Mexico over a two-year term beginning on the date of first delivery is not inconsistent with the public interest and should be approved. In order to provide EOGM with maximum operating flexibility I have designated just a total authorized volume for the two-year term of 36.5 Bcf of natural gas, rather than the 50,000 MCF per day that EOGM requested in its export application. 4/

ORDER

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

3/ E.g., Corpus Christie Gas Marketing Inc., 1 FE Para. 70,386 (November 23, 1990); Clajon Marketing, L.P.; 1 FE Para. 70,406 (January 31, 1991); and American Central Gas Companies, Inc., 1 FE Para. 70,446 (May 16, 1991).

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

A. Enron Oil & Gas Marketing (EOGM), is authorized to export to Mexico up to 36.5 Bcf of natural gas over a two-year term, beginning on the date of first export delivery.

B. This natural gas may be exported at any point on the international border where existing pipeline facilities exist.

C. Within two weeks after deliveries begin, EOGM will 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 occurred.

D. With respect to the natural gas exports authorized by this Order, the applicant shall file 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 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, geographic markets served, and, if applicable, the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price, any special contract price adjustments clauses, and any take-or-pay or make-up provisions. If no exports have been made, a report of "no activity" for that calendar quarter

must be filed. Failure to file quarterly reports may result in termination of this authorization.

E. The first quarterly report required by paragraph D of this order is due not later than April 30, 1992, and should cover the period from the date of this order until the end of the current calendar quarter March 31, 1992.

Issued in Washington, D.C., on January 24, 1992.

Clifford P. Tomaszewski
Acting Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy