

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

MARATHON OIL COMPANY)
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FE DOCKET NO. 91-90-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT NATURAL GAS TO MEXICO

DOE/FE OPINION AND ORDER NO. 582

FEBRUARY 24, 1992

I. BACKGROUND

On October 29, 1991, Marathon Oil Company (Marathon) 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 73 Bcf of U.S. natural gas over a two-year period commencing with the date of first delivery. Marathon would utilize existing pipeline facilities for the transportation of the proposed volumes to be exported and would submit quarterly reports detailing each export transaction.

Marathon is an Ohio corporation with its principal place of business in Houston, Texas. Marathon intends to export the natural gas for its own account as well as for the accounts of U.S. suppliers and Mexican purchasers. Marathon states that it will sell the requested natural gas volumes on a short-term or spot basis and the contractual arrangements will be the product of arms-length negotiations with an emphasis on competitive prices and contract flexibility. In support of its application, Marathon maintains that there is no present domestic need for the gas to be exported and that its export proposal will supply a market for surplus U.S. gas.

A notice of the application was issued on November 22, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by December 22, 1991. 1/ No comments or motions to intervene were received.

1. 56 FR 61424, December 3, 1991.

II. DECISION

The application filed by Marathon 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.

Marathon's uncontested export proposal, as set forth in the application, is consistent with section 3 of the NGA and the 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 Marathon 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, Marathon'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, Marathon's export arrangement will enhance cross-border competition in the marketplace.

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

3. See e.g., *Utrade Gas Marketing*, 1 FE Para. 70,469

(July 26, 1991); *Venro Petroleum Corporation*, 1 FE Para. 70,465

(July 22, 1991); *Texaco Gas Marketing*, 1 FE Para. 70,458

(June 21, 1991).

After taking into consideration all of the information in the record of this proceeding, I find that granting Marathon blanket authorization to export up to 73 Bcf of natural gas to Mexico over a period of 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. Marathon Oil Company (Marathon) is authorized to export up to 73 Bcf of natural gas from the United States to Mexico over a two-year term beginning on the date of first delivery.

B. Marathon 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, Marathon 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 occurred.

D. With respect to the exports authorized by this Order, Marathon shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports

4. Because the proposed exportation 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 environmental assessment is
not required. See 40 CFR Sec. 1508.4 and 54 FR 12474 (March 27,
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1989).

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 sales price per MMBtu at the international border. The reports shall also provide the details of each export transaction, including (1) the names of the seller(s) and the purchaser(s); (2) estimated or actual duration of the agreement(s); (3) transporter(s); (4) points of exit; (5) geographic markets served; and, if applicable, (5) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price, any special contract price adjustment 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, 1991.

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

Charles F. Vacek
Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy