

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

BRIDGEGAS U.S.A., INC.)
_____)

FE DOCKET NO. 91-111-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT NATURAL GAS TO MEXICO

DOE/FE OPINION AND ORDER NO. 602

APRIL 17, 1992

1. BACKGROUND

On December 20, 1991, BridgeGas U.S.A., Inc., (BridgeGas) 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 98.55 Bcf of U.S. natural gas over a two-year period commencing with the date of first delivery. BridgeGas is a Delaware corporation with its principal place of business in Dallas, Texas. According to BridgeGas, the gas to be exported would be purchased from U.S. producers on the spot market and would be surplus to domestic needs. All sales would result from arms-length negotiations and prices would be determined by market conditions. BridgeGas also stated only existing pipeline facilities would be used to transport the volumes to be exported and that it would submit quarterly reports detailing each export transaction.

A notice of the application was issued on February 6, 1992, inviting protests, motions to intervene, notices of intervention, and comments to be filed by March 16, 1992. 1/ No comments or motions to intervene were received.

II. DECISION

The application filed by BridgeGas has been evaluated to determine if the proposed export arrangement meets the public interest requirements of section 3 of the NGA. Under section 3,

1/ 57 FR 5263, February 13, 1992.

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.

BridgeGas' 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 BridgeGas 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, BridgeGas's proposal, like other blanket export proposals that have 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, BridgeGas'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 BridgeGas blanket authorization to export up to 98.55 Bcf of natural gas to

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

3/ See e.g., Enron Oil & Gas Marketing Inc., 1 FE Para.

70,532 (January 24, 1992); Aectra Refining and Marketing, Inc.,

1 FE Para. 70, 531 (January 24, 1992); and The Maple Gas
Corporation, 1 FE Para. 70,514 (December 18, 1991).

Mexico over a period of two years beginning on the date of the first delivery, under contracts with terms of two years or less, 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. BridgeGas U.S.A. Inc. (BridgeGas) is authorized to export up to 98.55 Bcf of natural gas from the United States to Mexico over a two-year term beginning on the date of first delivery.

B. This natural gas may be exported at any point on the U.S. - Mexico border where existing pipeline facilities are located.

C. Within two weeks after deliveries begin, BridgeGas 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.

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 an environmental impact statement or environmental assessment is

not required. See 40 CFR Sec. 1508.4 and 54 FR 12474 (March 27,
1989).

D. With respect to the exports authorized by this Order, BridgeGas 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 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, (6) 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 July 30, 1992, and should cover the period from the date of this order until the end of the current calendar quarter June 30, 1992.

Issued in Washington, D.C., on April 17, 1992.

Charles F. Vacek
Deputy Assistant Secretary
for Fuels Programs

Office of Fossil Energy