

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

_____)
ENERGY CONSULTANTS, INC.)
_____)

FE DOCKET NO. 92-12-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT NATURAL GAS TO MEXICO

DOE/FE OPINION AND ORDER NO. 638

JUNE 23, 1992

I. BACKGROUND

On February 5, 1992, Energy Consultants, Inc. (Encon), 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 200,000 Mcf per day of natural gas over a two-year period commencing with the date of first delivery. Encon would utilize existing pipeline facilities for the transportation of the exported gas and would submit quarterly reports detailing each export transaction.

Encon, a Texas corporation with its principal place of business in Houston, Texas, is a natural gas marketer engaged in the purchasing, sale and transport of natural gas in the interstate and intrastate markets. Encon proposes to export natural gas primarily to Petroleos Mexicanos (Pemex) for local distribution, but also may make sales to other Mexican customers. All sales would result from arms-length negotiations, and prices would be determined by market conditions. In support of its application, Encon maintains that there is no present domestic need for the gas to be exported and that its export proposal will facilitate the marketing of surplus U.S. gas.

A notice of the application was published in the Federal Register on April 3, 1992, inviting protests, motions to

intervene, notices of intervention, and comments to be filed by

May 4, 1992.^{1/} No comments or motions to intervene were received.

II. DECISION _____

The application filed by Encon 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.

Encon'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. Natural gas supplies in the United States are expected to continue to be more than adequate to meet consumers demand. For this reason, and because Encon's transactions will be short-term and market-responsive, it is unlikely the proposed export volumes will be needed in the domestic market during the terms of this authorization. In addition, Encon's proposal, like other blanket export proposals that have been approved by the DOE,^{3/} will further the

1/ 57 FR 11475. _____

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

3/ See e.g., Phillips Gas Marketing Company, 1 FE 70,559
____ (April 14, 1992); BridgeGas U.S.A., Inc., 1 FE 70,562 (April 17,
____ 1992); and Sergeant Oil & Gas Co., Inc., 1 FE 70,564 (April 17,
____ 1992).

Secretary of Energy's policy goal to reduce trade barriers by promoting a more market-oriented gas trade between the United States and Mexico. Thus, Encon'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 Encon blanket authorization to export natural gas to Mexico over 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/}

In order to provide Encon with maximum operating flexibility I have designated a total authorized volume for the two-year term of 146 Bcf of natural gas, rather than the 200,000 Mcf per day that Encon requested in its export application.

ORDER

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

A. Energy Consultants, Inc. (Encon), is authorized to export up to 146 Bcf of natural gas from the United States to

^{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 57 FR 15122 (April 24, 1992).

Mexico over a two-year term beginning on the date of first delivery.

B. Encon is authorized to export natural gas at any point on the U.S./Mexico border where existing pipeline facilities are located.

C. Within two weeks after deliveries begin, Encon shall provide written notification to the Office of Fuels Programs (OFP), 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 Opinion and Order, Encon shall file with OFP, within 30 days following each calendar quarter, quarterly reports indicating whether exports of natural gas have been made. If no exports have been made, a report of "no activity" for that calendar quarter must be filed. If exports have occurred, Encon must report monthly total volumes in Mcf, and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each export transaction, including (1) the names of the purchaser(s); (2) estimated or actual duration of the agreements; (3) the names of the U.S. transporter(s); (4) the points of exit; (5) geographic markets served; and, (6) whether sales are being

made on an interruptible or firm basis. Failure to file quarterly reports may result in termination of this authorization.

E. The first quarterly report required by Ordering 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., June 23, 1992.

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