

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

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KIMBALL ENERGY CORPORATION) DOCKET NO. 92-42-NG
_____)

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT NATURAL GAS
TO MEXICO

DOE/FE OPINION AND ORDER NO. 645

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JULY 28, 1992

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I. BACKGROUND

On March 24, 1992, Kimball Energy Corporation (Kimball) 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. Kimball requests blanket authorization to export to Mexico up to 75 Bcf of natural gas over a two-year term, beginning on the date of first delivery. Kimball, a Texas corporation with its principal place of business in Arlington, Texas, is currently purchasing natural gas from independent producers in Louisiana, Texas, New Mexico, Colorado, Utah, and Wyoming for sale in first sales or direct sales to customers served through various pipeline facilities in the western United States. Additionally, Kimball holds a blanket import authorization to import volumes of gas from Canada under DOE/FE Opinion and Order No. 597 (March 31, 1992). Kimball asserts that the gas it plans to export will not be needed for domestic consumption, and that domestic producers will benefit from the additional sales of gas resulting from the proposed exports. Kimball will use existing facilities to export the natural gas and will comply with DOE's quarterly reporting provisions.

A notice of the application was published in the Federal Register on May 22, 1992, inviting protests, motions to intervene, notices of intervention and comments to be filed by June 22, 1992.^{1/} No interventions or comments were received.

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1/ 57 FR 21783.

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II. DECISION

The application filed by Kimball 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/} When natural gas export applications are reviewed, domestic need for the gas to be exported is considered, as well as any other issues determined to be appropriate in a particular case.

Kimball'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. Natural gas supplies in the United States are expected to continue to be more than adequate to meet consumer demand. For this reason, and because Kimball's proposed transactions will be short-term and market-responsive, it is unlikely that the proposed export volumes will be needed in the domestic market during the term of this authorization. Additionally, Kimball's proposal, which is similar to other blanket export arrangements approved by DOE,^{3/} will further the Secretary of Energy's policy goal to reduce trade barriers by promoting a more market-oriented gas trade between the United States and Mexico.

^{2/} 15 U.S.C. 717b.

^{3/} See e.g., Venro Petroleum Corporation, 1 FE 70,465

(July 22, 1991); Utrade Gas Marketing, 1 FE 70,469

(July 26, 1991); and Aectra Refining and Marketing, Inc.,

1 FE 70,531 (January 24, 1992).

After considering all the information in the record of this proceeding, I find that authorizing Kimball to export to Mexico up to 75 Bcf of natural gas over a two-year term, under contracts with terms of two years or less, is not inconsistent with the public interest.^{4/}

ORDER

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

A. Kimball Energy Corporation (Kimball) is authorized to export to Mexico up to 75 Bcf of natural gas 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, Kimball 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 import/export of gas will use existing facilities, DOE has determined that granting this authorization 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.); therefore,

an environmental impact statement or environmental assessment is not required. See 40 C.F.R. 1508.4 and 57 FR 15122 (April 24, 1992).

D. Regarding the natural gas exports authorized by this order, Kimball shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether sales of exports have been made. If no exports have been made, a report of "no activity" for that calendar quarter must be filed. If exports occurred, Kimball must report monthly total volumes 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 purchaser(s); (2) the estimated or actual duration of the agreements; (3) the names of the U.S. transporter(s); (4) the point(s) of exit; (5) the geographic market(s) served; and, (6) whether the 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 is due not later than October 30, 1992, and should cover the period from the date of this order until the end of the calendar quarter, September 30, 1992.

Issued in Washington, D.C., on July 28, 1992.

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