

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

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OXY USA INC.                    )  
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DOCKET NO. 92-73-NG

ORDER GRANTING BLANKET AUTHORIZATION  
TO IMPORT AND EXPORT NATURAL GAS

DOE/FE OPINION AND ORDER NO. 666

SEPTEMBER 9, 1992



## I. BACKGROUND

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On June 16, 1992, OXY USA INC. (OXY) filed an application with the Office of Fossil Energy 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. OXY requests blanket authorization to import from Canada and to export to Mexico a combined total of up to 29.2 Bcf of natural gas, over a two-year period beginning on the date of first delivery. OXY, a Delaware corporation with its principal place of business in Tulsa, Oklahoma, is a natural gas producer and marketer. OXY requests authorization to import and export gas, for its own account as well as for the accounts of others, for sale to industrial and agricultural end users, electric utilities, pipelines and local distribution companies. OXY asserts that it will import and export gas under short-term, market-responsive contracts. OXY also states that it will use existing facilities to import and export natural gas and will comply with DOE's quarterly reporting provisions.

A notice of the application was published in the Federal Register on July 23, 1992, inviting protests, motions to intervene, notices of intervention and comments to be filed by August 24, 1992. 1/ No comments or motions to intervene were received.

## II. DECISION

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The application filed by OXY has been evaluated to determine if the proposed import/export arrangements meet the public

1/ 57 F.R. 32785.

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interest requirements of section 3 of the NGA. Under section 3, an import or export must be authorized unless there is a finding that it "will not be consistent with the public interest." 2/

Regarding import authorizations, the section 3 determination is directed by DOE's natural gas import policy guidelines. 3/

Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test. 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.

OXY's uncontested import/export proposal, as set forth in the application, is consistent with section 3 of the NGA and DOE's international gas trade policy. The import/export authorization sought by OXY, similar to other blanket arrangements approved by DOE, 4/ will provide OXY with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term import and export arrangements without further regulatory action. Under OXY's proposed import/export arrangements, transactions will only occur when producers and sellers can provide spot or short-term volumes, customers need such import/export volumes, and prices remain

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

3/ 49 F.R. 6684 (February 22, 1984).

4/ E.g., Fina Natural Gas Company, 1 FE 70,517 (December 27,  
1991); Enron Gas Marketing, Inc., 1 FE 70,512 (December 18,  
1991); Ocean State Power II, 1 FE 70,510 (December 10, 1991).

competitive. Additionally, because natural gas supplies in the United States are expected to continue to be more than adequate to meet consumer demand, it is unlikely that the proposed export volumes will be needed in the domestic market during the term of this authorization. Therefore, OXY's import/export proposal will further the Secretary of Energy's policy goal to reduce trade barriers by promoting a more market-oriented gas trade among the U.S. and other countries.

After considering all the information in the record of this proceeding, I find that authorizing OXY to import from Canada and to export to Mexico a combined total of up to 29.2 Bcf of natural gas, under contracts with terms of two years or less, is not inconsistent with the public interest. 5/

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ORDER

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

A. OXY USA INC. (OXY) is authorized to import from Canada and to export to Mexico a combined total of up to 29.2 Bcf of natural gas, over a two-year term, beginning on the date of first delivery.

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5/ 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,

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neither an environmental impact statement nor an environmental  
assessment is required. See 40 C.F.R. 1508.4 and 57 F.R. 15122

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(April 24, 1992).



B. This natural gas may be imported and/or exported at any point on the U.S. border where existing pipeline facilities are located.

C. Within two weeks after deliveries begin, OXY 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. Regarding the natural gas imports and exports authorized by this Order, OXY shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether sales of imports or exports have been made. If no imports or exports have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, OXY must report monthly total volumes in Mcf, and the average sales price per MMBtu. The reports shall also provide the details of each import or export transaction, including (1) the country of origin for the imports; (2) the destination of the exports; (3) the names of the seller(s); (4) the names of the purchaser(s), including those other than OXY; (5) the estimated or actual duration of the agreements; (6) the names of the transporter(s); (7) the point(s) of entry or exit; (8) the geographic market(s) served; and, (9) if applicable, the per unit (MMBtu) demand/commodity/reservation charge breakdown of the price, any special contract price

adjustment clauses, and any take-or-pay or make-up provisions. 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 September 9, 1992.

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