UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

OFFSHORE GAS MARKETING, INC.	)	FE DOCKET NO. 92-71-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT NATURAL GAS TO MEXICO

DOE/FE OPINION AND ORDER NO. 676

SEPTEMBER 28, 1992

I. BACKGROUND

On June 11, 1992, Offshore Gas Marketing, Inc. (OGM) 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 150 Bcf of natural gas over a two-year period beginning on the date of the first delivery. Only existing U.S. pipelines would be used to export this gas.

OGM is a Texas corporation with its principal place of business in Houston, Texas. According to OGM, all export sales would result from arms-length negotiations and prices would be determined by market conditions. In support of its application, OGM asserts there is no present domestic need for the gas OGM proposes to export and that its proposal would aid in reducing the U.S. trade deficit.

A notice of the application was published in the Federal Register on July 28, 1992, inviting protests, motions to intervene, notices of intervention and comments to be filed by August 27, 1992.[1] No comments or motions to intervene were received.

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1 57 F.R. 33344.

II. DECISION

The application filed by OGM 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 as well as any other issues determined to be appropriate in a particular case.

OGM'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 U.S. are expected to be more than adequate to meet domestic consumer demand. For this reason, and because OGM's transactions will be short-term and market-responsive, it is unlikely the proposed export volumes will be needed domestically during the term of the authorization. In addition, OGM's proposal, which is similar to other blanket export proposals that have been approved by DOE/3, will further the Secretary's policy goal to reduce trade barriers by promoting a more market-oriented gas trade between the United States and Mexico.

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2 15 U.S.C. 717b.

3 E.g., Utrade Gas Company, 1 FE 70,469 (July 26, 1991); Aectra Refining and Marketing, Inc.; 1 FE 70,531 (January 24,

1992); and Venro Petroleum Corporation, 1 FE 70,465 (July 22, 1991).

After taking into consideration all of the information in the record of this proceeding, I find that authorizing OGM to export natural gas to Mexico over a two-year term 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. Offshore Gas Marketing, Inc. (OGM) is authorized to export to Mexico up to 150 Bcf of natural gas over a two-year term, beginning on the date of the 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, OGM 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.

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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.) and therefore neither an environmental impact statement nor an environmental assessment is required. See 40 C.F.R. 1508.4 and 57 F.R. 15122 (April 24, 1992).

D. Regarding the natural gas exports authorized by this Order, OGM 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. If no exports have been made, a report of "no activity" for that calendar quarter must be filed. If exports occurred, OGM must submit monthly total volumes of the exports in Mcf and the average 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 points 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 Paragraph D of this Order is due not later than October 30, 1992, and should cover the period from the date of this order until the end of the current calendar quarter, September 30, 1992.

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

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