

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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CHEVRON NATURAL GAS SERVICES, INC.) FE DOCKET NO. 92-160-NG
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ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT AND EXPORT NATURAL GAS
FROM AND TO MEXICO

DOE/FE OPINION AND ORDER NO. 787

MARCH 26, 1993

I. BACKGROUND

On December 21, 1992, as supplemented on January 5, 1993, Chevron Natural Gas Services, Inc. (CNGS) 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, requesting blanket authorization to import up to 100 billion cubic feet (Bcf) of natural gas and export up to 100 Bcf of natural gas from and to Mexico. The term of the authorization would be for two years beginning on the date of first delivery after March 31, 1993.1/

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CNGS, a Delaware corporation with its principal place of business in Houston, Texas, is a marketer of natural gas.

CNGS will import and export the natural gas under spot and short-term sales arrangements, either on its own behalf or as the agent for others. The exported gas will be supplied by CNGS' affiliate, Chevron U.S.A., Inc., and various other producers and marketers in the United States. The imported gas will be supplied primarily by Petroleos Mexicanos, a decentralized agency of the Mexican Government. All sales would result from arms-length negotiation and at prices that reflect market conditions. CNGS intends to use only existing pipeline facilities to transport the imported or exported natural gas and will comply with DOE's quarterly reporting requirements.

A notice of the application was published in the Federal Register on January 29, 1993, inviting protests, motions to

1/ This is the expiration date of CNGS' current export authorization granted in DOE/FE Opinion and Order No. 314 on May 9, 1989 (1 FE 70,223).

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intervene, notices of intervention, and comments to be filed by March 1, 1993.^{2/} No comments or motions to intervene were received.

II. DECISION

The application filed by CNGS has been evaluated to determine if the proposed import/export arrangement meets the public interest requirement of section 3 of 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."^{3/} With regard to import authorizations, the section 3 determination is guided by DOE's natural gas import policy guidelines.^{4/} Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test. 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.

CNGS' uncontested import/export proposal, as set forth in the application, is consistent with section 3 of the NGA, DOE's natural gas import policy guidelines and DOE's international gas trade policy. CNGS' proposal, like other blanket import/export

^{2/} 58 FR 6487.

3/ 15 U.S.C. 717b. _

4/ 49 FR 6684, February 22, 1984. _

proposals that have been approved by the DOE,^{5/} will provide CNGS with blanket approval, within prescribed limits, to negotiate and transact individual spot and short-term import and export arrangements without further regulatory action. Under CNGS' proposed import/export arrangements, transactions will only occur when producers and sellers can provide spot or short-term volumes, customers need the gas, and prices remain competitive. Additionally, because natural gas supplies in the United States are expected to be more than adequate to meet domestic consumer demand it is unlikely the proposed export volumes will be needed domestically during the term of the authorization. Therefore, CNGS' import/export proposal will reduce trade barriers by promoting a more market-oriented gas trade among the United States and other countries.

After taking into consideration all of the information in the record of this proceeding, DOE concludes that granting CNGS blanket authorization to import up to 100 Bcf of natural gas and export up to 100 Bcf of natural gas from and to Mexico over a two-year term, beginning on the date of first delivery after March 31, 1993, under contracts with terms of two years or less,

^{5/} See, e.g., International Resources Management Corporation,

1 FE 70,713 (November 30, 1992); Multi-Energies Inc., 1 FE

70,706 (November 20, 1992); J. Aron & Company, 1 FE 70,634

(September 11, 1992); and Texas-Ohio Gas, Inc., 1 FE 70,615

(July 29, 1992).

is not inconsistent with the public interest and should be approved.^{6/}

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ORDER

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

A. Chevron Natural Gas Services, Inc. (CNGS) is authorized to import up to 100 Bcf of natural gas and export up to 100 Bcf of natural gas from and to Mexico over a two-year term beginning on the date of first delivery after March 31, 1993. This natural gas may be imported and exported at any point on the United States/Mexican border where existing pipeline facilities are located.

B. Within two weeks after deliveries begin, CNGS 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.

C. With respect to the natural gas imports/exports authorized by this Order, CNGS shall file within 30 days following each calendar quarter, quarterly reports indicating

6/ Because the proposed import/export of natural 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

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seq.) and, therefore, neither an environmental impact statement
— nor environmental assessment is required. See 40 CFR 1508.4
— and 57 FR 15122 (April 24, 1992).

whether imports or exports of natural gas 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, CNGS must report total monthly volumes in Mcf and the average purchase or sales price per MMBtu at the international border. The reports shall also provide the details of each import/export transaction, including: (1) the name of the seller(s); (2) the name of the purchaser(s); (3) the estimated or actual duration of the agreement(s); (4) the name of the United States transporter(s); (5) the point(s) of entry or exit; (6) the geographic market(s) served; (7) whether the sales are being made on an interruptible or firm basis; and, if applicable, (8) the contract pricing provisions, including the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price. Failure to file quarterly reports may result in termination of this authorization.

D. The first quarterly report required by Paragraph C of this Order is due not later than July 30, 1993, and should cover the period from April 1, 1993, until the end of the calendar quarter, June 30, 1993.

Issued in Washington, D.C., on March 26, 1993.

Anthony J. Como
Acting Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy