

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

MEXUS TRADING COMPANY)
_____)

FE DOCKET NO. 93-29-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT NATURAL GAS TO MEXICO

DOE/FE OPINION AND ORDER NO. 802

MAY 10, 1993

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I. BACKGROUND

On March 5, 1993, Mexus Trading Company (Mexus) filed an application, amended on March 11, 1993, 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 72 Bcf of natural gas over a two-year period beginning on the date of the first delivery. Mexus, a Texas Corporation headquartered in Dallas, Texas, intends to export this gas under spot and short-term sales arrangements, the terms of which would be determined by market conditions. According to Mexus, only existing U.S. pipelines would be used to transport the gas and it would submit quarterly reports detailing each transaction. In support of its application, Mexus asserts there is no present domestic need for the gas to be exported and that its export proposal would facilitate the marketing of surplus U.S. gas.

A notice of the application was published in the Federal Register on March 30, 1993, inviting protests, motions to intervene, notices of intervention and comments to be filed by April 29, 1993.¹ No comments or motions to intervene were received.

¹ 58 F.R. 16656.

II. DECISION

The application filed by Mexus 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.

The uncontested export proposal filed by Mexus, 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 the Mexus 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. Additionally, the Mexus proposal, which is similar to other blanket export arrangements approved by DOE³, should reduce trade barriers by promoting a more market-oriented gas trade between the United States and Mexico.

² 15 U.S.C. 717b.

³ E.g., Saratoga Natural Gas Incorporated, 1 FE 70,620 (August 5, 1992); MG Natural Gas Corp., 1 FE 70,616 (July 30,

1992); and Kimball Energy Corporation, 1 FE 70,610 (July 28,

1992).

After considering all the information in the record of this proceeding, I find that authorizing Mexus to export to Mexico up to 72 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. Mexus Trading Company (Mexus) is authorized to export to Mexico up to 72 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, Mexus 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 exports authorized by this Order, Mexus shall file with the Office of Fuels Programs, within

⁴ Because the proposed 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. Sec 4321, et seq.) and

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

57 F.R. 15122 (April 24, 1992).

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, Mexus 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 name of the purchaser(s); (2) the estimated or actual duration of the agreements; (3) the name 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 Paragraph D of this Order is due not later than July 30, 1993, and should cover the period from the date of this order until the end of the current calendar quarter, June 30, 1993.

Issued in Washington, D.C., on May 10, 1993.

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