

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

VICTORIA GAS CORPORATION

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FE DOCKET NO. 93-21-NG

ORDER GRANTING BLANKET AUTHORIZATION TO IMPORT  
AND EXPORT NATURAL GAS FROM AND TO MEXICO  
AND GRANTING INTERVENTION

DOE/FE OPINION AND ORDER NO. 803

MAY 12, 1993

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I. DESCRIPTION OF REQUEST

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On February 19, 1993, Victoria Gas Corporation (Victoria) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA) 1/ and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting 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 import or export after June 5, 1993.2/ Victoria proposes to use existing pipeline facilities to transport the imported and exported gas.

Victoria, a natural gas marketer, is a Texas corporation with its principal place of business in Houston, Texas. Victoria requests authorization to import and export natural gas on its own behalf and on behalf of others. Victoria does not yet know the identity of the actual suppliers, transporters, or purchasers. Victoria will determine the specific terms of each import/export transaction through arms-length negotiations and states that these transactions will be short-term in nature. Victoria asserts that the domestically produced gas to be exported will be incremental to the needs of current domestic purchasers in the regions from which the supplies will be drawn.

DOE published a notice of receipt of Victoria's application in the Federal Register on March 22, 1993, inviting protests, motions to intervene, notices of intervention, and comments to be

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1/ 15 U.S.C. Sec. 717b.                    —

2/ This is the expiration date of Victoria's current import and  
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export authorization from and to Canada and Mexico, granted  
by DOE/FE Opinion and Order No. 413 on July 30, 1990  
(1 FE Para. 70,339).

filed by April 21, 1993.<sup>3/</sup> A motion to intervene was filed by Valero Transmission, L.P. (Valero). This order grants intervention to Valero.

## II. DECISION

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The application filed by Victoria has been evaluated to determine if the proposed import/export arrangement meets the public 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."<sup>4/</sup> Regarding import authorizations, the section 3 determination is directed by DOE's natural gas import policy guidelines.<sup>5/</sup> 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.

Victoria's 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. The import/export authorization sought by Victoria, similar to other blanket arrangements

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<sup>3/</sup> 58 FR 15341.

4/ 15 U.S.C. Sec. 717b. —

5/ 49 FR 6684, February 22, 1984. —

approved by DOE 6/, will provide Victoria with blanket approval, within prescribed limits, to negotiate and transact individual spot and short-term import and export arrangements without further regulatory action. Under Victoria's 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 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, Victoria's import/export proposal will reduce trade barriers by promoting a more market-oriented gas trade between the United States and Mexico.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing Victoria 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 import or export after June 5, 1993, under contracts with terms of two years or less, is not inconsistent with the public interest.<sup>7/</sup>

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6/ E.g., Texas-Ohio Gas, Inc., 1 FE Para. 70,615 (July 29, 1992);  
 Cornerstone Natural Gas Company, 1 FE Para. 70,614 (July 29, 1992);  
 and CNG Trading Company, 1 FE Para. 70,612 (July 28, 1992).

7/ 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. Sec. 4321, et seq.); therefore,  
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## ORDER

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

A. Victoria Gas Corporation (Victoria) 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 the first import or export after June 5, 1993. This natural gas may be imported or exported at any point on the United States/Mexico border where pipeline facilities exist.

B. Within two weeks after deliveries begin, Victoria shall provide written notification to the Office of Fuels Programs, Fossil Energy, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first import or export of natural gas authorized in ordering paragraph A above occurred.

C. Regarding the natural gas imports and exports authorized by this order, Victoria shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating 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 occurred, Victoria must report monthly total volumes in Mcf and the average sales price per MMBtu at the international border. The reports shall also

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neither an environmental impact statement nor an environmental



assessment is required. See 40 CFR Sec. 1508.4 and 57 FR 15122  
— (April 24, 1992).

provide the details of each import or export transaction, including: (1) the name of the purchaser(s); (2) the name of the seller(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 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 Ordering Paragraph C is due not later than July 30, 1993, and should cover the period from June 5, 1993, to the end of the current calendar quarter, June 30, 1993.

E. The motion to intervene filed by Valero Transmission, L.P., as set forth in this order, is hereby granted, provided that its participation shall be limited to matters specifically set forth in its motion to intervene and not herein specifically denied, and that the admission of this intervenor shall not be construed as recognition that it may be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on May 12, 1993.

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

