

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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AMERICAN HUNTER EXPLORATION LTD.) DOCKET NO. 93-12-NG
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ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT NATURAL GAS TO MEXICO
AND GRANTING INTERVENTION

DOE/FE OPINION AND ORDER NO. 812

JUNE 24, 1993

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I. BACKGROUND

On February 3, 1993, American Hunter Exploration Ltd. (American Hunter) 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, to export natural gas to Mexico. American Hunter requests blanket authorization to export to Mexico up to 150 Bcf of natural gas over a period of two years beginning on the date of first delivery. American Hunter, a Delaware corporation with its principal office in Calgary, Alberta, Canada, is a wholly owned subsidiary of Canadian Hunter Exploration Ltd. The requested authorization does not require the construction of new pipeline facilities.

The gas exported by American Hunter would be purchased from U.S. or Canadian producers on a short-term, spot market basis and sold primarily to the Mexican national oil and gas company, Petroleos Mexicanos (PEMEX), but may also be sold to other Mexican gas customers. American Hunter states that the terms of the contracts between itself and purchasers of the exported gas would be at arms length. Also, American Hunter may act as the agent for potential purchasers and suppliers. Any Canadian gas exported to Mexico would first be imported into the United States under an existing authorization, including American Hunter's own two-year, blanket import authority.^{1/} To support its

1/ See DOE/FE Opinion and Order No. 672 issued September 24,

1992 (1 FE Para. 70,639).

application, American Hunter asserts that the gas exported would be surplus to U.S. needs.

II. INTERVENTIONS AND COMMENTS

A notice of American Hunter's application was published in the Federal Register on April 19, 1993, inviting protests,

motions to intervene, notices of intervention and comments to be filed by May 19, 1993.^{2/} Valero Transmission, L.P. (Valero)

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filed a motion to intervene without comment one day late. Since no delay in the proceeding or prejudice to any party will result from this late filing, Valero is granted intervention.

III. DECISION

The application filed by American Hunter 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."^{3/} When

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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.

American Hunter'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 United States are expected to continue to be more than adequate to meet consumer demand. For this reason, and because

2/ 58 F.R. 21163. —

3/ 15 U.S.C. Sec. 717b. —

American Hunter's transactions will be short-term and market-responsive, it is unlikely that the proposed export volumes will be needed in the domestic market during the term of this authorization. Additionally, American Hunter's proposal, which is similar to other blanket export arrangements approved by DOE,^{4/} will reduce trade barriers by promoting a more market-oriented gas trade between the United States and Mexico.

After considering all the information in the record of this proceeding, I find that authorizing American Hunter to export to Mexico up to 150 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.^{5/}

ORDER

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

A. American Hunter Exploration Ltd. (American Hunter) is authorized to export to Mexico up to 150 Bcf of natural gas over a two-year term, beginning on the date of first delivery.

^{4/} E.g., SDS Petroleum Products Inc., 1 FE Para. 70,682 (August 24, 1992); P.M.I. Comercio Internacional, S.A. de C.V.,

1 FE Para. 70,686 (October 6, 1992); and GPM Gas Corporation,

1 FE Para. 70,691 (October 19, 1992).

^{5/} 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.); therefore,

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neither an environmental impact statement nor an environmental
assessment is required. See 40 C.F.R. Sec. 1508.4 and 54 F.R. 15122

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(April 24, 1992).

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, American Hunter 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, American Hunter 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, American Hunter must submit monthly total volumes in Mcf and the average sales price per MMBtu at the international border. The reports shall also provide the details of each export transaction, including: (1) the names of the seller(s); (2) the names of the purchaser(s); (3) the estimated or actual duration of the agreements; (4) the names of the U.S. transporter(s); (5) the point(s) of exit; (6) the geographic market(s) served; and, (7) 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 Ordering Paragraph D is due not later than July 30, 1993, and should cover the period from the date of this order until the end of the calendar quarter, June 30, 1993.

F. 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 this proceeding.

Issued in Washington, D.C., on June 24, 1993.

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