

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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EL PASO GAS MARKETING COMPANY )	FE DOCKET NO. 93-39-NG
_____ )	

ORDER GRANTING BLANKET AUTHORIZATION  
TO EXPORT NATURAL GAS TO MEXICO  
AND GRANTING INTERVENTIONS

DOE/FE OPINION AND ORDER NO. 813

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JUNE 24, 1993

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## I. BACKGROUND

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On April 5, 1993, El Paso Gas Marketing Company (El Paso) 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. El Paso requests blanket authorization to export to Mexico up to 75 Bcf of natural gas over a two-year term, beginning on the date of first delivery. El Paso, a Delaware corporation with its principal place of business in El Paso, Texas, is a wholly-owned subsidiary of El Paso Natural Gas Company. El Paso proposes to export the gas, either on its own behalf or on behalf of others, for sale to Mexican industrial and residential end users. El Paso asserts that the gas it plans to export will not be needed for domestic consumption. El Paso will use existing pipeline facilities to export the gas and will comply with DOE's quarterly reporting requirement.

## II. INTERVENTIONS AND COMMENTS

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A notice of El Paso's application was published in the Federal Register on May 3, 1993, inviting protests, motions to

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intervene, notices of intervention and comments to be filed by June 2, 1993.<sup>1</sup> Valero Transmission, L.P. (Valero), and

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Meridian Oil Transportation Inc. and Meridian Oil Marketing Inc. (jointly referred to as Meridian) filed motions to intervene without substantive comments or requests for additional

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1/ 58 F.R. 26317.

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procedures in this proceeding. This order grants intervention to Valero and Meridian.

### III. DECISION

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The application filed by El Paso 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."<sup>2/</sup> 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.

El Paso'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 El Paso'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, El Paso's proposal, which is similar to other blanket export arrangements approved by DOE,<sup>3/</sup> should reduce

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2/ 15 U.S.C. Sec. 717b.

3/ E.g., SDS Petroleum Products Inc., 1 FE Para. 70,682 (August 24,

1992); P.M.I. Comercio Internacional, S.A. de C.V.,

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

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

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 El Paso to export to Mexico up to 75 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.<sup>4/</sup>

ORDER

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

A. El Paso Gas Marketing Company (El Paso) is authorized to export to Mexico up to 75 Bcf of natural gas over a two-year term, beginning on the date of 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, El Paso 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

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<sup>4/</sup> 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, neither an environmental impact statement nor an environmental

assessment is required. See 40 C.F.R. Sec. 1508.4 and 54 F.R. 15122  
— (April 24, 1992).



that the first delivery of natural gas authorized in Ordering Paragraph A above occurred.

D. Regarding the natural gas exports authorized by this Order, El Paso shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether export sales have been made. If no exports have been made, a report of "no activity" for that calendar quarter must be filed. If exports occurred, El Paso must submit monthly total volumes of the exports 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 motions to intervene filed by Valero Transmission L.P. (Valero) and by Meridian Oil Transportation Inc. and Meridian Oil Marketing Inc. (jointly referred to as Meridian) are hereby granted, provided that Valero's and Meridian's

participation is limited to the matters specifically set forth in each of their motions to intervene and not herein specifically denied, and shall not be construed as recognition that either of them may be aggrieved because of any order issued in these proceedings.

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

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