

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

_____)
TEXAS INTERNATIONAL GAS)
& OIL COMPANY)
_____)

FE DOCKET NO. 93-56-NG

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

DOE/FE OPINION AND ORDER NO. 828

JULY 30, 1993

I. BACKGROUND

On June 3, 1993, Texas International Gas & Oil Company (TI) 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. TI requests blanket authorization to export up to 29.2 billion cubic feet (Bcf) of natural gas over a two-year term, beginning on the date of first delivery after November 29, 1993.^{1/} TI, a Texas company with its principal place of business in El Paso, Texas, does business as Service-Gas.

TI proposes to purchase natural gas produced in the United States Southwest, including the States of New Mexico and Texas, and export it to Mexico for sale to purchasers under short-term and spot market transactions, either on its own behalf or as the agent for others. All sales would be individually negotiated at competitive prices. TI asserts that the gas it plans to export will not be needed for domestic consumption. TI will use existing pipeline facilities to transport the gas and will comply with DOE's quarterly reporting requirements.

II. INTERVENTIONS AND COMMENTS

A notice of TI's application was published in the Federal Register on June 23, 1993, inviting protests, motions to

^{1/} TI is currently authorized to export natural gas to Mexico

pursuant to DOE/FE Opinion and Order No. 319 (1 FE Para. 70,228),
which expires on November 29, 1993.

intervene, notices of intervention and comments to be filed by July 23, 1993.^{2/} Valero Transmission, L.P. (Valero) filed a motion to intervene in this proceeding without comment or requests for additional procedures. This order grants intervention to Valero.

III. DECISION

The application filed by TI 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/} 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.

TI'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 TI'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, TI's proposal, which is similar to other blanket

^{2/} 58 FR 34045.

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

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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 TI to export to Mexico up to 29.2 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. Texas International Gas & Oil Company (TI) is authorized to export to Mexico up to 29.2 billion cubic feet of natural gas over a two-year term, beginning on the date of first delivery after November 29, 1993.

B. This natural gas may be exported at any point on the United States/Mexico border where existing pipeline facilities are located.

4/ E.g., Chevron Natural Gas Services, Inc., 1 FE Para. 70,778 (March 26, 1993); Aquila Southwest Marketing Corporation, 1 FE Para. 70,765 (March 2, 1993); and AGE Marketing Company, 1 FE Para. 70,743 (January 21, 1993).

5/ Because the proposed 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. Sec. 4321, et seq.); therefore,

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neither an environmental impact statement nor an environmental assessment is required. See 40 CFR Sec. 1508.4 and 54 FR 15122

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(April 24, 1992).

C. Within two weeks after deliveries begin, TI 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 delivery of natural gas authorized in Ordering Paragraph A above occurred.

D. With respect to the natural gas exports authorized by this order, TI 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. Quarterly reports must be filed whether or not initial deliveries have begun. If exports have not been made, a report of "no activity" for that calendar quarter must be filed. If exports occurred, TI must report 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 United States 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 January 30, 1994, and should

cover the period from November 30, 1993, until the end of the calendar quarter, December 31, 1993.

F. The motion to intervene filed by Valero Transmission L.P. (Valero), as set forth in this order, is hereby granted, provided that Valero's participation is limited to the 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 July 30, 1993.

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