

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

SONAT MARKETING COMPANY

)
) FE DOCKET NO. 93-43-NG
)

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

DOE/FE OPINION AND ORDER NO. 833

AUGUST 11, 1993

I. BACKGROUND

On April 30, 1993, Sonat Marketing Company (Sonat) 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. Sonat requests blanket authorization to export up to 100 Bcf of gas over a two-year term beginning on the date of the first delivery. Sonat, a Delaware corporation with its principal place of business in Birmingham, Alabama, is a marketer of natural gas. Sonat is a wholly-owned indirect subsidiary of Sonat, Inc.

Sonat proposes to export gas purchased from U.S. suppliers under short-term and spot market transactions, either on its own behalf or as the agent for others. All sales would result from arms-length negotiations and the prices would be competitive. Sonat will use existing pipeline facilities to transport the gas and will comply with DOE's quarterly reporting requirement. To support its application, Sonat asserts that the gas it plans to export will not be needed for domestic consumption.

II. INTERVENTIONS AND COMMENTS

A notice of Sonat's application was published in the Federal Register on June 4, 1993, inviting protests, motions to intervene, notices of intervention and comments to be filed by July 6, 1993.^{1/} Valero Transmission, L.P. (Valero) filed a motion to intervene in this proceeding without comment or request

1/ 58 F.R. 31700.

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for additional procedures. This order grants intervention to Valero.

III. DECISION

The application filed by Sonat 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/} 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.

Sonat'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 Sonat'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, Sonat's proposal, which is similar to other blanket export arrangements approved by DOE,^{3/} should reduce trade

^{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.,

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

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

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 Sonat to export to Mexico up to 100 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. Sonat Marketing Company (Sonat) is authorized to export to Mexico up to 100 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, Sonat 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

^{4/} Because the proposed export of gas will use existing pipeline 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, Sonat 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 no exports have been made, a report of "no activity" for that calendar quarter must be filed. If exports have occurred, Sonat must report 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 name of the seller(s); (2) the name of the purchaser(s); (3) the estimated or actual duration of the agreements; (4) the name 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 October 30, 1993, and should cover the period from the date of this order until the end of the current calendar quarter, September 30, 1993.

F. The motion to intervene filed by Valero Transmission, L.P. (Valero) is hereby granted, provided that Valero's participation is 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 August 11, 1993.

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