

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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| NORTECH ENERGY CORP. | ) | _____                  |
|                      | ) | FE DOCKET NO. 93-66-NG |
|                      | ) | _____                  |

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

DOE/FE OPINION AND ORDER NO. 848

SEPTEMBER 30, 1993

I. BACKGROUND

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On June 30, 1993, Nortech Energy Corp. (Nortech) 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 and export natural gas from and to Mexico. The authorization would allow Nortech to import up to 40 Bcf of gas and export up to 40 Bcf of gas over a period of two years beginning on the date of the first delivery of either imports or exports.2/ Nortech, a Texas corporation with its principal place of business in Houston, Texas, would import and export the gas under spot and short-term transactions, either on its own behalf or as the agent for others.

In support of its application, Nortech asserts that the specific terms of these proposed import and export arrangements would be negotiated individually and the prices paid for the gas would be competitive with other supplies. In addition, Nortech asserts that the domestically-produced gas to be exported will be incremental to the needs of current purchasers in the states or regions from which the supplies will be drawn. Further, the requested authorization would not require the construction of new or additional pipeline facilities to transport the gas.

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

2/ Nortech previously had blanket authority to import and export natural gas from and to Mexico which expired June 30, 1993. See DOE/FE Opinion and Order No. 417 issued August 13, 1990 (1 FE Para. 70,343).

II. INTERVENTIONS AND COMMENTS

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DOE published a notice of receipt of Nortech's application in the Federal Register on July 29, 1993, inviting protests,

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motions to intervene, notices of intervention, and comments to be filed by August 30, 1993.<sup>3/</sup> A motion to intervene was filed by

Valero Transmission, L.P. (Valero). Valero takes no position on the authorization sought by Nortech and did not request additional procedures. This order grants intervention to Valero.

III. DECISION

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The application filed by Nortech has been evaluated to determine if the proposed import and 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

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3/ 58 F.R. 40641.

4/ 15 U.S.C. Sec. 717b.

5/ 49 F.R. 6684, February 22, 1984.

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exported is considered, as well as any other issues determined to be appropriate in a particular case.

Nortech's uncontested import and 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 and export authorization sought by Nortech, similar to other blanket arrangements approved by DOE 6/, will provide Nortech with

blanket approval, within prescribed limits, to negotiate and transact individual spot and short-term import and export arrangements without further regulatory action. Under Nortech's proposed import and 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, Nortech's import and export proposal should 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 Nortech to import up to 40 Bcf of natural gas and export up to 40 Bcf of natural gas from and to Mexico over a two-year term beginning on the date of the first import or export delivery is not

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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).

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inconsistent with the public interest.<sup>7/</sup> This blanket order  
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authorizes transactions under contracts with terms of no longer  
than two years.

ORDER

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

A. Nortech Energy Corp. (Nortech) is authorized to import  
up to 40 Bcf of natural gas and export up to 40 Bcf of natural  
gas from and to Mexico over a two-year term beginning on the date  
of the first delivery of either imports or exports. This natural  
gas may be imported and exported at any point on the border of  
the United States and Mexico where existing pipeline facilities  
are located.

B. Within two weeks after deliveries begin, Nortech 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, Nortech shall file with the Office of Fuels

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<sup>7/</sup> Because the proposed import and 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

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seq.); therefore, neither an environmental impact statement nor  
— an environmental assessment is required. See 40 C.F.R Sec. 1508.4  
— and 57 F.R. 15122 (April 24, 1992).



Programs, within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports or exports have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, Nortech 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 import and 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 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.

E. The motion to intervene filed by Valero Transmission, L.P. 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 September 30, 1993.

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Anthony J. Como  
Director  
Office of Coal & Electricity  
Office of Fuels Programs  
Office of Fossil Energy