

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

K N MARKETING, L.P.)
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FE DOCKET NO. 96-97-NG

ORDER GRANTING BLANKET AUTHORIZATION TO
EXPORT NATURAL GAS TO MEXICO

DOE/FE ORDER NO. 1237

JANUARY 17, 1997

I. DESCRIPTION OF REQUEST

On December 24, 1996, K N Marketing, L.P. (K N Marketing), formerly Anthem Energy Company, L.P., 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, for blanket authorization to export up to 65.7 Bcf of natural gas to Mexico. The term of the requested authorization would be for a period of two years beginning March 1, 1997, to and including, February 28, 1999.^{2/} K N Marketing is a Texas limited partnership with its principal place of business in Houston, Texas. K N Marketing purchases and sells gas throughout the United States and exports gas to Mexico, but it owns no physical facilities. K N Marketing would export the natural gas under spot and short-term purchase and sales arrangements. The requested authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by K N Marketing has been evaluated to determine if the proposed export arrangement meets the public interest requirement of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), the export of natural gas to a nation with

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

2/ February 28, 1995, is the expiration date of KN Marketing's current blanket authorization to export natural gas, granted by

DOE/FE Opinion and Order No. 702 on November 6, 1992 (1 FE 70,659). In DOE/FE Order No. 702-A issued October 24, 1995 (1 FE 71,174), the authorization previously granted to Anthem Energy Company L.P. was transferred to K N Marketing.

which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by KN Marketing to export natural gas to Mexico, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest. This blanket order authorizes transactions under contracts with terms of no longer than two years.

ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. K N Marketing, L.P. (K N Marketing) is authorized to export up to 65.7 Bcf of natural gas to Mexico over a two-year term beginning on the date of the initial delivery after February 28, 1997. This natural gas may be exported at any point on the border of the United States and Mexico.

B. Within two weeks after deliveries begin, K N Marketing shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3F-056, FE-35, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first export of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas exports authorized by this Order, K N Marketing shall file with the Office of Natural Gas & Petroleum Import and Export Activities, 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 of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If exports have occurred, K N Marketing must report total monthly volumes in Mcf and the average sales price of gas 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 agreement(s); (4) the name of the United States transporter(s); (5) the point(s) of exit; and (6) the geographic market(s) served.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than April 30, 1997, and should cover the period from March 1, 1997, until the end of the first calendar quarter, March 31, 1996.

Issued in Washington, D.C., on January 17, 1997.

Wayne E. Peters
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Office of Natural Gas & Petroleum
Import and Export Activities
Office of Fossil Energy