

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

MEXICANA DE COBRE, S.A. DE C.V.

FE DOCKET NO. 98-26-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT NATURAL GAS TO MEXICO

DOE/FE ORDER NO. 1374

APRIL 16, 1998

I. DESCRIPTION OF REQUEST

On April 6, 1998, Mexicana de Cobre, S.A. de C.V.(Mexcobre) 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 export to Mexico up to 17.52 Bcf of natural gas, over a two-year period beginning on the date of first delivery. Mexcobre is a corporation organized under the laws of Mexico, with its principal place of business in Mexico, D.F., Mexico. Mexcobre is engaged in the mining-metallurgical industry, including exploring, mining and processing copper, molybdenum, gold and silver in Mexico.

In its application, Mexcobre states that it currently uses fuel oil in its metallurgical, mining and smelting operations and that the proposed gas export authorization will enable it to switch its facilities to using natural gas and thereby improve the air quality in the area. Mexcobre will purchase the gas it needs for its mining operations from U.S. suppliers. To obtain the natural gas supply necessary for its Mexican operations, Mexcobre has contracted with El Paso Natural Gas Company to construct, own and operate a 1.15 mile natural gas pipeline from the proposed Mexcobre-Douglas delivery point on El Paso's existing system to connect with the export border crossing facilities to be built by El Paso at the United States/Mexico border, near Douglas, Arizona. Mexcobre, in turn, will construct, own and operate 65 miles of pipeline from its copper mine in Nacozari, Sonora, Mexico, to the United States/Mexico border. Mexcobre expects construction of all facilities to be completed by October 1, 1998.

II. FINDING

The application filed by Mexcobre 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 nations with 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 Mexcobre 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. Mexicana de Cobre, S.A. de C.V. (Mexcobre) is authorized to export a total of up to 17.52 Bcf of natural gas to Mexico over a period of two years beginning on the date of the first delivery. These authorized transactions may take place at any United States-Mexico border point.

B. Within two weeks after deliveries begin, Mexcobre shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3E-042, FE-34, 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, Mexcobre 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 have been made, a report of "no activity" for that calendar quarter must be filed. If exports have occurred, Mexcobre must report monthly the following: (1) total volumes in Mcf; (2) the average purchase price of gas per MMBtu at the international border; (3) the name of the seller(s); (4) the name of the purchaser(s); (5) the estimated or actual duration of the agreement(s); (6) the name of the U.S. transporter(s); and (7) the point(s) of exit.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than October 30, 1998, and

should cover the period from the date of this Order until the end of the third calendar quarter September 30, 1998.

Issued in Washington, D.C., on April 16, 1998.

John W. Glynn

Manager, Natural Gas Regulation

Office of Natural Gas & Petroleum

Import and Export Activities

Office of Fossil Energy

1. 1/ 15 U.S.C. § 717.b.