

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

PEMEX GAS Y PETROQUIMICA BASICA

FE DOCKET NO. 98-87-NG

ORDER GRANTING BLANKET AUTHORIZATION  
TO IMPORT AND EXPORT NATURAL GAS,  
INCLUDING LIQUEFIED NATURAL GAS  
FROM AND TO CANADA AND MEXICO

DOE/FE ORDER NO. 1435

NOVEMBER 12, 1998

## I. DESCRIPTION OF REQUEST

On November 4, 1998, PEMEX Gas y Petroquimica Basica (PEMEX Gas) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)<sup>(1)</sup> and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to import and export up to a combined total of 160 billion cubic feet (Bcf) of natural gas, including liquefied natural gas (LNG), from and to Canada and Mexico, for a two-year term beginning January 1, 1999.<sup>(2)</sup> PEMEX Gas is a decentralized public entity of the federal government of Mexico and a subsidiary of Petroleos Mexicanos, which is also a decentralized public entity of the federal government of Mexico. PEMEX Gas supplies natural gas to markets throughout Mexico, and owns and operates transmission and distribution facilities in Mexico for that purpose. PEMEX Gas from time-to-time augments its domestic production with supplies of gas imported from the United States and exports surplus gas supplies to markets in the United States. The requested authorization does not involve the construction of new pipeline facilities.

## II. FINDING

The application filed by PEMEX Gas has been evaluated to determine if the proposed import and 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 import or export of natural gas from or to nations with which there are 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 PEMEX Gas to import and export natural gas, including LNG, from and to Canada and Mexico, nations with which a free trade agreement is in effect, meet 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. PEMEX Gas y Petroquimica Basica (PEMEX Gas) is authorized to import and export up to a combined total of 160 Bcf of natural gas, including liquefied natural gas (LNG), from and to Canada and Mexico, over a two-year term beginning January 1, 1999, and ending December 31, 2000.
- B. This natural gas may be imported and exported at any point on the border between the United States and Canada and between the border of the United States and Mexico.
- C. With respect to the natural gas imports and exports authorized by this Order, PEMEX Gas shall file with the Office of Natural Gas & Petroleum Import and Export Activities, 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 of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, PEMEX Gas must report the following: (1) total monthly volumes in Mcf; (2) the average monthly 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); (7) the point(s) of entry and exit; and (8) the geographic market(s) served (for imports, by State). For import transactions only, the report shall also include: (1) whether sales are being made on an interruptible or firm basis; and (2) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.
- D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than April 30, 1999, and should cover the period from January 1, 1999, until the end of the first calendar quarter, March 30, 1999.
- E. The quarterly report required by Ordering Paragraph C of this Order shall be filed with 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.

Issued in Washington, D.C., on November 12, 1998.

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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. § 717b.

2. 2/ Pemex Gas' current blanket authority under DOE/FE Order No. 1289, 1 FE ¶ 71,428, expires December 31, 1998.