

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

AGAVE ENERGY COMPANY

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FE DOCKET NO. 00-25-NG

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

DOE/FE ORDER NO. 1587

APRIL 27, 2000

I. DESCRIPTION OF REQUEST

On April 17, 2000, Agave Energy Company (Agave) 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 authorization to import and export up to an aggregate volume of 40 Bcf of natural gas from and to Mexico over a two-year term beginning on the date of first import or export delivery.

Agave is a New Mexico company with its principal place of business in Artesia. Agave is a wholly-owned subsidiary of Yates Petroleum Corporation, a major natural gas producer in the western United States. Agave will import and export this gas under spot and short-term market transactions on its own behalf or as the agent for others. The proposed authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by Agave 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 a nation 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 Agave

^{1/} 15 U.S.C. § 717b.

to import and export natural gas from and 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. Agave Energy Company (Agave) is authorized to import and export up to an aggregate volume of 40 Bcf of natural gas from and to Mexico over a two-year term beginning on the date of first import or export delivery.

B. This natural gas may be imported and exported at any point on the border between the United States and Mexico.

C. Within two weeks after deliveries begin, Agave shall provide written notification to the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, of the date that the first import or export delivery of natural gas authorized in Paragraph A has occurred.

D. With respect to the natural gas imports and exports authorized by this Order, Agave shall file with the Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, reports indicating whether imports or exports of natural gas have been made. If imports or exports of natural gas have not been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, Agave 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, if applicable, and (2) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

[OMB No.: 1901-0294]

E. The notice and reports required by Ordering Paragraphs C and D of this Order shall be filed with the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, Room 3E-042, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C., 20585.

F. The first quarterly report required by Ordering Paragraph D of this Order is due not later than July 30, 2000, and should cover the period from the date of this Order until the end of the second calendar quarter, June 30, 2000.

Issued in Washington, D.C., on April 27, 2000.

John W. Glynn
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy