

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

PEMEX GAS Y PETROQUIMICA BASICA)
_____)

FE DOCKET NO. 02-83-NG
00-93-NG

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

DOE/FE ORDER NO. 1830

NOVEMBER 25, 2002

I. DESCRIPTION OF REQUEST

On November 13, 2002, PEMEX Gas y Petroquímica Básica (PGPB) 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/} for blanket authorization to import and export up to a combined total of 1.1 trillion cubic feet (Tcf) of natural gas (approximately 1,100 Bcf), including liquefied natural gas (LNG), from and to Canada and Mexico over a two-year term beginning on the date of this Order. PGPB is a decentralized public entity of the federal government of Mexico and a subsidiary of Petróleos Mexicanos, which is also a decentralized public entity of the federal government of Mexico. PGPB supplies natural gas to markets throughout Mexico, and owns and operates transmission and distribution facilities in Mexico for that purpose. PGPB 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 and Canada. The requested authorization does not involve the construction of new pipeline facilities. Additionally, on December 8, 2000, PGPB was granted authorization in DOE/FE Order No. 1656 to import and export natural gas, including LNG from Canada and Mexico for a two-year term commencing January 1, 2001, and extending through December 31, 2002.^{2/} PGPB requests that Order 1656, previously issued in FE Docket No. 00-93-NG, be vacated, effective the date of this Order, since the proposed authorization would supersede the current authorization.

^{1/} 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary for Fossil Energy pursuant to Redlegation Order No. 00-002.04 (January 8, 2002).

^{2/} 2 FE ¶ 70,587.

II. FINDING

The application filed by PGPB 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 and export of natural gas from and 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 PGPB to import and export natural gas, including LNG, from and to Canada and Mexico, nations 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. PEMEX Gas y Petroquimica Basica (PGPB) is authorized to import and export up to a combined total of 1.1 trillion cubic feet of natural gas (approximately 1,100 Bcf), including liquefied natural gas, from and to Canada and Mexico over a two-year term beginning on the date of this Order. This natural gas may be imported and exported at any point on the international border between the United States and Canada, and the United States and Mexico.

B. With respect to the natural gas imports and exports authorized by this Order, PGPB shall file within 30 days following each calendar quarter, reports indicating whether imports or exports of natural gas have been made. 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, PGPB 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 United States 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 include: (1) whether sales are being made on an interruptible

or firm basis; and, if applicable, (2) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price. [OMB No.: 1901-0294]

C. The first quarterly report required by Ordering Paragraph B of this Order is due not later than January 30, 2003, and should cover the period from the date of this Order, through the end of the fourth calendar quarter, December 31, 2002.

D. The reports required by Ordering Paragraph B 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.

E. The authorization to import and export natural gas, including liquefied natural gas, from and to Canada and Mexico in DOE/FE Order No. 1656 is hereby terminated, effective the date of this Order.

Issued in Washington, D.C., on November 25, 2002.

Clifford P. Tomaszewski
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Office of Natural Gas & Petroleum
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