Cited as "1 ERA Para. 70,730"

Valero Industrial Gas, L.P. (ERA Docket No. 87-35-NG), October 20, 1987.

DOE/ERA Opinion and Order No. 199

Order Granting Blanket Authorization to Export Natural Gas

## I. Background

On June 30, 1987, Valero Industrial Gas, L.P. (Vigas), filed an application with the Economic Regulatory Administration (ERA) of the Department of Energy (DOE) and filed a supplement to this application on August 6, 1987, pursuant to Section 3 of the Natural Gas Act (NGA) and DOE Delegation Order No. 0204-111, for blanket authorization to export up to 4.38 Bcf of natural gas to Mexico over a term of two years, beginning on the date of first delivery, for sales on a short-term or spot market basis. Vigas, a Delaware limited partnership with its principal place of business in San Antonio, Texas, is authorized to do business in the States of Texas and Louisiana.

Vigas states this blanket authorization would replace an authorization currently held by Valero Transmission Company, now Valero Transmission, L.P., to export up to 6,000 Mcf of natural gas per day of Petroleos Mexicanos (Pemex).1/ Pemex has given a required 90-day notice that its contract with Valero Transmission, L.P. will expire November 1, 1987, and, in accordance with the terms of Order No. 55A, the current authorization will expire on the same date. Vigas intends to purchase natural gas from various individual producers for spot market sales in Mexico, primarily to Pemex. Vigas states that the exported gas would be transported through existing facilities at the border and within the United States, and that it will submit quarterly reports giving details of individual transactions.

In support of its application, Vigas maintains that its proposed export arrangement is fully consistent with the public interest requirement of Section 3 of the NGA and that its gas supplies are more than adequate to provide the requested export authorization. Vigas further states that its contract arrangements will be the product of arms-length negotiations with strong emphasis on competitive prices and contract flexibility. Vigas alleges that such contract terms will ensure the market competitiveness of each export arrangement and aid the efficient allocation of natural gas in the marketplace.

The ERA issued a notice of the application on August 21, 1987, inviting protests, motions to intervene, notices of intervention, and comments to be filed by September 30, 1987.2/ The ERA received a motion to intervene, without comment or request for additional procedures, from El Paso Natural Gas Company. This order grants intervention to this intervenor.

## II. Decision

The application filed by Vigas has been evaluated in accordance with the Administrator's authority to determine if the proposed export arrangement meets the public interest requirements of Section 3 of the NGA. Under Section 3 an export is to be authorized unless there is a finding that it "will not be consistent with the public interest." 3/ In reviewing natural gas export applications, the ERA considers the domestic need for the gas to be exported, and any other issues determined by the Administrator to be appropriate in a particular case.

Vigas' arrangement for the export of natural gas, as set forth in the application, is consistent with DOE's international gas trade policy and Section 3 of the NGA. The current gas surplus, together with the short term requested and the fact that no party has argued that the gas proposed to be exported is needed domestically, indicates that a domestic need for this gas is not and will not be an issue during the term of this authorization. The ERA also finds that Vigas' export proposal, like other similar blanket export arrangements recently approved by the ERA,4/ will further the goals of reducing trade barriers and encouraging market forces between the U.S. and Mexico.

After taking into consideration all the information in the record of this proceeding, I find that granting Vigas blanket authority to export up to 4.38 Bcf of domestic natural gas over a term of two years is not inconsistent with the public interest.5/

## ORDER

For the reasons set forth above, pursuant to Section 3 of the Natural Gas Act, it is ordered that:

A. Valero Industrial Gas, L.P. (Vigas), is authorized to export up to 4.38 Bcf of natural gas to Mexico over a two-year period, beginning on the date of first delivery.

B. Vigas shall notify the ERA in writing of the date of first delivery of natural gas exported under Ordering Paragraph A above within two weeks after the date of such delivery.

C. With respect to the exports authorized by this Order, Vigas shall file with the ERA within 30 days following each calendar quarter, quarterly reports indicating whether sales of exported gas have been made and, if so, giving, by month, the total volume of exports in MMcf and the average selling price per MMBtu at the international border. The reports shall also provide the detail of each transaction, including the names of the sellers and purchasers, estimated or actual duration of the agreements, transporters, points of exit, markets served and, if applicable, any demand/commodity charge breakdown of the contract price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions.

D. The motion to intervene, as set forth in this Opinion and Order, is hereby granted, provided that participation of the intervenor shall be limited to matters specifically set forth in its motion to intervene and not herein specifically denied, and that the admission of such intervenor shall not be construed as recognition that it might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on October 20, 1987.

--Footnotes--

1/ Valero Transmission Company, DOE/ERA Opinion and Order No. 55A, 1 ERA Para. 70,575 (November 28, 1984).

2/ 52 FR 32833, August 31, 1987.

3/ 15 U.S.C. Sec. 717b.

4/ See e.g., Hadson Canada, Inc., 1 ERA Para. 70,667 (September 9, 1986); Natgas (U.S.), Inc., 1 ERA Para. 70,668 (September 23, 1986). Yankee International Company, 1 ERA Para. 70,670 (September 26, 1986).

5/ Because the proposed exportation of gas will use existing pipeline facilities, the DOE has determined that granting this application is clearly not a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act (42 U.S.C. 4321, et seq.) and therefore an environmental impact statement or environmental assessment is not required.