Cited as "1 FE Para. 70,283"

Amerigas International Corporation (FE Docket No. 89-63-NG), January 10, 1990.

DOE/FE Opinion and Order No. 366

Order Granting Blanket Authorization to Export Natural Gas to Mexico and Granting Intervention

I. Background

On September 13, 1989, Amerigas International Corporation (Amerigas) filed an application pursuant to section 3 of the Natural Gas Act (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127 for blanket authorization to export up to 54.75 Bcf of natural gas from the United States to Mexico for short-term and spot market sales over a two-year period beginning on the date of first delivery. Amerigas intends to use existing pipelines facilities within the United States for transportation of volumes to be exported and to file quarterly reports detailing each transaction.

Amerigas, a subsidiary of AP Propane, Inc., a Delaware corporation, is located in Houston, Texas, and intends to export domestically produced natural gas to Mexico for spot market sales, primarily to Petroleos Mexicanos (Pemex). Amerigas currently is negotiating with Pemex a contract for the sale of up to 60,000 Mcf per day, and anticipates purchasing all the gas required to serve this authorization from natural gas producers in the States of Texas and New Mexico. Amerigas states that each sales transaction would be negotiated at arms length with Pemex and would be consistent with the public interest. Amerigas anticipates that the export would take place at a point on the international border where existing transmission facilities of Del Norte Pipeline connect with the facilities of Pemex between El Paso, Texas, and Ciudad Juarez, Chihuahua, Mexico, or at any other existing border exit facility.

A notice of the application was issued on October 27, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be filed by November 30, 1989.1/ A motion to intervene without comment or request for additional procedures was filed by Clajon Gas Co., L.P. This order grants intervention to this movant.

II. Decision

The application filed by Amerigas has been evaluated to determine if the proposed export arrangement meets the public interest requirements of section 3 of the NGA. Under section 3, an export must be authorized unless there is a finding that it "will not be consistent with the public interest." 2/ In reviewing natural gas export applications, domestic need for the gas to be exported is considered, and any other issues determined to be appropriate in a particular case.

Amerigas's uncontested export proposal, as set forth in the application, is consistent with section 3 of the NGA and the DOE's international gas trade policy. We believe that the current domestic gas supply, coupled with the short-term, market-responsive nature of the contracts into which Amerigas proposes to enter, indicates that it is unlikely that the proposed export volumes will be needed domestically during the term of the authorization. In addition, Amerigas's proposal, like other blanket export proposals that have been approved by the DOE,3/ will further the Secretary's policy goals of reducing trade barriers by encouraging market forces to achieve a more competitive distribution of goods between the U.S. and Mexico. Thus, Amerigas's export arrangement will enhance cross-border competition in the marketplace.

After taking into consideration all of the information in the record of this proceeding, I find that granting Amerigas blanket authority to export a total of up to 54.75 Bcf of natural gas from the U.S. to Mexico during a period of two years, under contracts with terms of up to two years, is not inconsistent with the public interest.

ORDER

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

A. Amerigas Marketing, Inc. (Amerigas) is authorized to export a total of up to 54.75 Bcf of natural gas from the United States to Mexico during a two-year period beginning on the date of the first delivery.

B. Amerigas is authorized to export natural gas at any point on the international border where existing pipeline facilities are located.

C. Within two weeks after deliveries begin, Amerigas shall provide written notification to the Office of Fuels Programs, Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first delivery of natural gas authorized in

Ordering Paragraph A above occurs.

D. With respect to the exports authorized by this Order, Amerigas shall file within 30 days following each calendar quarter, quarterly reports indicating whether sales of exported natural gas have been made, and if so, giving by month, the total volume of the exports in Mcf and the average price for exports per MMBtu at the international border. The reports shall also provide the details of each export transaction, including the names of the seller(s), and the purchaser(s), estimated or actual duration of the agreements, transporter(s), points of exit, market(s) served, and, if applicable, the per unit (MMBtu) demand/commodity charge breakdown of the price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions.

E. The motion to intervene filed by Clajon Gas Co., L.P., is hereby granted, provided that its participation is limited to matters specifically set forth in its motion to intervene and not herein specifically denied, and that admission of this intervenor shall not be construed as recognition that it may be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on January 10, 1990.

--Footnotes--

1/ 54 FR 45797, October 31, 1989.

2/ 15 U.S.C. Sec. 717b.

3/ See, e.g., Coastal Gas Marketing Company, 1 FE Para. 70,207 (March 29, 1989); Cornerstone Natural Gas Company, 1 FE Para. 70,216 (April 12, 1989); TransAmerican Natural Gas Corporation, 1 FE Para. 70,220 (April 28, 1989); and Gas Masters, Inc., 1 FE Para. 70,222 (April 28, 1989).