Cited as "1 FE Para. 70,458"

Texaco Gas Marketing Inc. (FE Docket No. 91-20-NG), June 21, 1991.

DOE/FE Opinion and Order No. 512

Order Granting Blanket Authorization to Export Natural Gas to Mexico

I. Background

On March 20, 1991, Texaco Gas Marketing Inc. (TGMI) 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 from the United States to Mexico up to 80 Bcf of natural gas over a two-year period commencing on the date of first delivery. TGMI states that it intends to use existing pipeline facilities within the U.S. for transportation of the proposed exports.

TGMI, a Delaware corporation with its principal place of business in Houston, Texas, is the gas marketing subsidiary of Texaco Exploration and Producing Inc., which is wholly owned by Texaco, Inc. TGMI intends to export natural gas to Mexico for spot market sales for its own account or on behalf of its U.S. and foreign customers. TGMI states that the gas to be exported would be supplied by a variety of U.S. producers and sold to a variety of Mexican purchasers including local distribution companies and commercial and industrial end-users. In support of its application TGMI maintains that all export sales will result from arms-length negotiations and that prices will be determined by market conditions. It further states that the proposed blanket exports will significantly benefit gas producing regions by providing increased revenue from the sale of surplus natural gas.

A notice of the application was issued on April 17, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by May 24, 1991.1/ No comments or requests for intervention were received.

II. Decision

The application filed by TGMI 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.

TGMI's uncontested export proposal, as set forth in the application, is consistent with section 3 of the NGA and DOE's international gas trade policy. We believe that the current supplies of domestic gas, coupled with the short-term, market responsive nature of the contracts into which TGMI proposes to enter, indicate that it is unlikely that the proposed export volumes will be needed domestically during the term of the authorization. In addition, TGMI'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, TGMI'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 TGMI blanket authority to export a total of up to 80 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 and should be approved.4/ Consistent with our treatment of similar blanket applications, there will be no restriction on the annual volumes that may be exported. This maximizes the flexibility of spot market exporters and importers to provide gas supplies to meet customer demand.

ORDER

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

A. Texaco Gas Marketing Inc. (TGMI) is authorized to export a total of up to 80 Bcf of natural gas from the United States to Mexico during a two-year period beginning on the date of the first delivery.

B. TGMI 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, TGMI 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, TGMI 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, and market(s) served.

Issued in Washington, D.C., on June 21, 1991.

--Footnotes--

1/ 56 FR 18817, April 24, 1991.

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

3/ See e.g., Tejas Power Corporation, 1 FE Para. 70,358 (October 9, 1990); Corpus Christi Gas Marketing, Inc.; 1 FE Para. 70,386 (November 11, 1990); and, Clajon Marketing, L.P., 1 FE Para. 70,406 (January 29, 1991).

4/ Because the proposed exportation of gas will use existing facilities, 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. See 40 CFR Sec. 1508.4 and 54 FR 12474 (March 27, 1989).