UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

TANGRAM TRANSMISSION CORPORATION)	FE DOCKET NO. 91-113-NG

ORDER GRANTING BLANKET AUTHORIZATION TO
EXPORT NATURAL GAS TO MEXICO

DOE/FE OPINION AND ORDER NO. 608

APRIL 24, 1992

I. BACKGROUND

On December 23, 1991, as supplemented on January 7, 1992, Tangram Transmission Corporation (Tangram) filed an application with the Office of Fossil Energy (FE) of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting blanket authority to export to Mexico up to 72 Bcf of natural gas annually or up to 146 Bcf over a two-year term beginning on the date of first delivery. Tangram proposes to use existing pipeline facilities to export the natural gas. No new construction would be involved.

Tangram is a corporation organized under the laws of the State of Texas with its principal place of business at The Woodlands, Texas. The natural gas Tangram proposes to export would be supplied by various U.S. producers and exported under arrangements negotiated in response to market conditions. In support of its application, Tangram asserts that the short-term nature of the requested export protects against the possibility of a national or regional need for these supplies and that the proposed export will benefit U.S. producers by increasing the demand for domestically produced natural gas.

A notice of the application was issued on February 6, 1992, inviting protests, motions to intervene, notices of intervention, and comments to be filed by March 13, 1992./1 No interventions or comments were received.

II. DECISION

The application filed by Tangram 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 as well as any other issues determined to be appropriate in a particular case.

Tangram'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. The current surplus of domestic gas, coupled with the short-term, market-responsive nature of the contracts into which Tangram proposes to enter, indicate it is unlikely the proposed export volumes will be needed domestically during the term of the authorization. In addition, Tangram's proposal, like other blanket export proposals approved by

1/ 57 FR 5155, February 12, 1992.

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

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.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing Tangram to export up to 146 Bcf of natural gas over a two-year term, beginning on the date of first delivery is not inconsistent with the public interest and should be approved./4 In order to provide Tangram with maximum operating flexibility, I have designated a total authorized volume for the two-year term of 146 Bcf of natural gas, rather than the 72 Bcf of natural gas annually, as stated in Tangram's supplement to its application.

ORDER

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

A. Tangram Transmission Corporation (Tangram) is authorized to export up to 146 Bcf of natural gas from the United States to Mexico over a two-year term beginning on the date of first export.

3/ See, e.g., Venro Petroleum Corporation, 1 FE 70,465 (July 22, 1991); Utrade Gas Marketing, 1 FE 70,469 (July 26, 1991); and Aectra Refining and Marketing, Inc. 1 FE 70,531 (January 24, 1992).

4/ Because the proposed exportation of gas will use existing facilities, DOE has determined that granting this application is 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).

B. This natural gas may be exported at any point on the international border where existing pipeline facilities are located.

C. Within two weeks after deliveries begin, Tangram shall notify the Office of Fuels Programs, Fossil Energy, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, in writing the date that the first delivery of natural gas authorized in Ordering Paragraph A above occurs.

D. With respect to the natural gas exports authorized by this Order, Tangram shall file with the Office of Fuels Programs, 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 purchase price 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), including those other than Tangram, estimated or actual duration of the agreement(s), transporter(s), points of exit, geographic markets served and, if applicable, the per unit (MMBtu) demand/commodity/reservation charge breakdown of the price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions. If no exports have been made, a report of "no activity" for that calendar quarter must be filed. Failure to file quarterly reports may result in termination of this authorization.

E. The first quarterly report required by paragraph D of this order is due not later than July 30, 1992, and should cover the period from the date of this order until the end of the current calendar quarter June 30, 1992.

Issued in Washington, D.C., on April 24, 1992.

Charles F. Vacek
Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy