UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ALCORN TRADING COMPANY, INC.) FE DOCKET NO. 92-09-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT NATURAL GAS TO MEXICO

DOE/FE OPINION AND ORDER NO. 629

JUNE 12, 1992

I. BACKGROUND

On February 3, 1992, Alcorn Trading Company, Inc. (Alcorn) 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 authorization to export from the United States to Mexico up to 100 Bcf of U.S. natural gas over a two-year period beginning on the date of first delivery. Alcorn, a Texas corporation with its principal place of business in Houston, Texas, is a marketer of natural gas. Alcorn intends to export gas under spot and short-term sales arrangements, the terms of which, including price and volume, would be negotiated in response to market conditions.

In support of its application, Alcorn maintains that there is no present domestic need for the gas to be exported and that its export proposal will facilitate the marketing of surplus U.S. gas. According to Alcorn only existing pipeline facilities would be used to transport the gas and it will submit quarterly reports detailing each transaction.

A notice of the application was published in the Federal Register on April 13, 1992, inviting protests, motions to intervene, notices of intervention, and comments to be filed by May 13, 1992.1/ No comments or motions to intervene were received.

1/ 57 FR 12812.

II. DECISION

The application filed by Alcorn 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.

Alcorn'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. The current supply situation coupled with the short-term, market-responsive nature of the contracts into which Alcorn proposes to enter, make it unlikely that domestic need for the proposed export volumes will become an issue during the term of the authorization. In addition, Alcorn'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, Alcorn's export arrangement will enhance cross-border competition in the marketplace.

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

3/ e.g., Utrade Gas Company, 1 FE 70,469 (July 26, 1991); Venro Petroleum Corporation, 1 FE 70,465 (July 22, 1991); Texaco Gas Marketing, Inc., 1 FE 70,458 (June 21, 1991).

After taking into consideration all of the information in the record of this proceeding, I find that granting Alcorn blanket authorization to export up to 100 Bcf of natural gas to Mexico over a period of two years, under contracts with terms of two years or less, is not inconsistent with the public interest and should be approved.4/

ORDER

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

A. Alcorn Trading Company, Inc. (Alcorn) is authorized to export up to a maximum of 100 Bcf of natural gas from the United States to Mexico over a two-year term beginning on the date of the first delivery.

B. Alcorn is authorized to export natural gas at any point on the U.S./Mexico border where existing pipeline facilities are located.

C. Within two weeks after deliveries begin, Alcorn 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 occurred.

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 C.F.R. 1508.4 and 57 F.R. 15122 (April 24, 1992).

D. Regarding the natural gas exports authorized by this order, Alcorn shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether export sales have been made. If no exports have been made, a report of "no activity" for that calendar quarter must be filed. If exports occurred Alcorn must report monthly total volumes in Mcf, and the average sales price per MMBtu at the international border. The reports shall also provide the details of each export transaction, including (1) the names of the purchaser(s); (2) the estimated or actual duration of the agreements; (3) the names of the U.S. transporter(s); (4) the points of exit; (5) the geographic markets served; and, (6) whether the sales are being made on an interruptible or firm basis. Failure to file quarterly reports may result in termination of this authorization.

E. The first quarterly report required by Ordering 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 June 12, 1992.

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