UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

MG NATURAL GAS CORP.)	FE DOCKET NO. 92-51-NG

ORDER GRANTING BLANKET AUTHORIZATION TO EXPORT NATURAL GAS TO MEXICO

DOE/FE OPINION AND ORDER NO. 651

JULY 30, 1992

I. BACKGROUND

On April 13, 1992, MG Natural Gas Corp. (MGNG) 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 to Mexico up to 50 Bcf of natural gas, over a two-year period beginning on the date of first delivery.

MGNG is a Texas corporation with its principal place of business in Houston, Texas. MGNG proposes to export gas supplied by U.S. producers for sale to purchasers in Mexico. All sales would result from arms-length negotiations and prices would be determined by market conditions. MGNG indicates it intends to use existing U.S. natural gas pipeline facilities to transport the exported gas and will comply with DOE's quarterly reporting provisions.

In support of its export request, MGNG asserts there exists no current national or regional need for the gas it proposes to export and such a need is unlikely to develop during the two-year term of the requested export authorization.

A notice of the application was published in the Federal Register on May 29, 1992, inviting protests, motions to intervene, notices of intervention and comments to be filed by June 29, 1992.1 No comments or motions to intervene were received.

1 57 FR 22740.

II. DECISION

The application filed by MGNG 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.

MGNG'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. Natural gas supplies in the U.S. are expected to be more than adequate to meet consumer demand. For this reason, and because MGNG's transactions will be short-term and market-responsive it is unlikely the proposed export volumes will be needed domestically during the term of the authorization. In addition, MGNG's proposal, like other blanket export proposals that have been approved by DOE3, 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, MGNG's

2 15 U.S.C. 717b.

3 E.g., Utrade Gas Marketing, 1 FE 70,469 (July 26, 1991); Aectra Refining and Marketing, Inc.; 1 FE 70,531

(January 24, 1992); and Venro Petroleum Corporation,

1 FE 70,465 (July 22, 1991).

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 MGNG authority to export natural gas to Mexico over a two-year term, under contracts with terms of two years or less, beginning on the date of first delivery 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. MG Natural Gas Corp, (MGNG) is authorized to export to Mexico up to 50 Bcf of natural gas over a two-year term, beginning on the date of first export delivery.

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

C. Within two weeks after deliveries begin, MGNG 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

4 Because the proposed export of gas will use existing facilities, DOE has determined that granting this authorization 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 an environmental assessment is not required. See 40 C.F.R. 1508.4 and 57 F.R. 15122 (April 24, 1992).

that the first delivery of natural gas authorized in Ordering Paragraph A above occurred.

D. Regarding the natural gas exports authorized by this Order, MGNG shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether exports of natural gas have been made. If no exports have been made, a report of "no activity" for that calendar quarter must be filed. If exports occurred, MGNG must submit monthly total volumes of the exports in Mcf and the average 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 market(s) 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 Paragraph D of this Order is due not later than October 30, 1992, and should cover the period from the date of this order until the end of the current calendar quarter September 30, 1992.

Issued in Washington, D.C., on July 30, 1992.

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