UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

SARATOGA NATURAL GAS INCORPORATED)	FE DOCKET NO. 92-65-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT NATURAL GAS
TO MEXICO

DOE/FE OPINION AND ORDER NO. 654

AUGUST 5, 1992

I. BACKGROUND

On May 26, 1992, Saratoga Natural Gas Incorporated (Saratoga) 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 150,000 MMbtu per day of natural gas, over a two-year period beginning on the date of first delivery. Saratoga is a Texas corporation with its principal place of business in Houston, Texas. According to Saratoga, the gas to be exported would be purchased from U.S. producers on the spot market and would be surplus to domestic needs. All sales would result from arms-length negotiations and prices would be determined by market conditions. Saratoga also stated only existing U.S. pipeline facilities would be used to transport the volumes to be exported and that it would submit quarterly reports to DOE detailing each export transaction.

A notice of the application was published in the Federal Register on June 30, 1992, inviting protests, motions to intervene, notices of intervention and comments to be filed by July 30, 1992. 1/ No comments or motions to intervene were received.

II. DECISION

The application filed by Saratoga 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

1/ 57 F.R. 29076.

"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.

Saratoga'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 Saratoga'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, Saratoga's proposal, like other blanket export proposals that have been approved by 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, Saratoga'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 Saratoga authority to export natural gas to Mexico over a two-year term beginning on the date of first delivery, under contracts with terms of two years or less, is not inconsistent with the public

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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).

interest and should be approved. 4/ In order to provide Saratoga with maximum operating flexibility, I have designated a total authorized volume for the two-year term of 109.5 Bcf of natural gas, rather than the 150,000 MMBtu per day that Saratoga requested in its export application.

ORDER

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

A. Saratoga Natural Gas Incorporated (Saratoga) is authorized to export to Mexico up to 109.5 Bcf of natural gas over a two-year term, beginning on the date of the first delivery.

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

C. Within two weeks after deliveries begin, Saratoga 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.

D. Regarding the natural gas exports authorized by this Order, Saratoga shall file with the Office of Fuels Programs,

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).

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, Saratoga 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 August 5, 1992.

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