UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

MERIDIAN MARKETING & TRANSMISSION CORP.	)	DOCKET NO. 93-35-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT NATURAL GAS TO MEXICO
AND GRANTING INTERVENTIONS

DOE/FE OPINION AND ORDER NO. 811

JUNE 24, 1993

I. BACKGROUND

On March 25, 1993, Meridian Marketing & Transmission Corp. (Meridian Marketing) 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, to export natural gas to Mexico. Meridian Marketing requests blanket authorization to export up to 36 Bcf of gas per year over a two-year term, beginning on the date of first delivery. Meridian Marketing, a Delaware corporation with its principal place of business in Pittsburgh, Pennsylvania, is a marketer of natural gas.

Meridian Marketing proposes to export gas purchased from U.S. suppliers under short-term and spot market transactions, either on its own behalf or as the agent for others. All sales would result from arms-length negotiations and the prices would be competitive. Meridian Marketing will use existing pipeline facilities to transport the gas and will comply with DOE's quarterly reporting requirement. To support its application, Meridian Marketing asserts that the gas it plans to export will not be needed for domestic consumption.

II. INTERVENTIONS AND COMMENTS

A notice of Meridian Marketing's application was published in the Federal Register on April 27, 1993, inviting protests, motions to intervene, notices of intervention and comments to be filed by May 27, 1993.1/ Valero Transmission, L.P. (Valero)

1/ 58 F.R. 25634.

filed a motion to intervene without comment. In addition, Meridian Oil Transportation Inc. and Meridian Oil Marketing Inc., neither of which is affiliated with the applicant, filed a joint motion to intervene but did not express an opinion on the merits of the proposed export. This order grants intervention to all movants.

III. DECISION

The application filed by Meridian Marketing 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/

When natural gas export applications are reviewed, domestic need for the gas to be exported is considered, as well as any other issues determined to be appropriate in a particular case.

Meridian Marketing'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 United States are expected to continue to be more than adequate to meet consumer demand. For this reason, and because Meridian Marketing's transactions will be short-term and market-responsive, it is unlikely that the proposed export volumes will be needed in the domestic market during the term of this authorization. Additionally, Meridian Marketing's proposal, which is similar to other blanket export arrangements approved by

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

DOE,3/ should reduce trade barriers by promoting a more market-oriented gas trade between the United States and Mexico.

After considering all the information in the record of this proceeding, I find that authorizing Meridian Marketing to export to Mexico up to 72 Bcf of natural gas over a two-year term, under contracts with terms of two years or less, is not inconsistent with the public interest.4/ Consistent with our treatment of similar blanket applications there will be no restriction on the annual volume that may be exported. This maximizes the flexibility of spot market exporters 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. Meridian Marketing & Transmission Corp. (Meridian Marketing) is authorized to export to Mexico up to 72 Bcf of natural gas over a two-year term, beginning on the date of first delivery.

3/ E.g., SDS Petroleum Products Inc., 1 FE Para.70,682 (August 24, 1992); P.M.I. Commercio Internacional, S.A. de C.V., 1 FE Para. 70,686 (October 6, 1992); and GPM Gas Corporation, 1 FE Para. 70,691 (October 19, 1992).

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. Sec. 4321, et seq.); therefore, neither an environmental impact statement nor an environmental assessment is required. See 40 C.F.R. Sec. 1508.4 and 54 F.R. 15122 (April 24, 1992).

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, Meridian Marketing 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, Meridian Marketing 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, Meridian Marketing must submit 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 seller(s); (2) the names of the purchaser(s); (3) the estimated or actual duration of the agreements; (4) the names of the U.S. transporter(s); (5) the point(s) of exit; (6) the geographic market(s) served; and, (7) 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 is due not later than July 30, 1993, and should cover the period from the date of this order until the end of the calendar quarter, June 30, 1993.

F. The motions to intervene filed by Valero Transmission L.P. and jointly by Meridian Oil Transportation Inc. and Meridian Oil Marketing Inc. are hereby granted, provided that their participation is limited to the matters specifically set forth in their respective motions to intervene and not herein specifically denied, and shall not be construed as recognition that they may be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on June 24, 1993.

Anthony J. Como
Acting Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy