UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

VALERO GAS MARKETING, L.P.

FE DOCKET NO. 97-59-NG

ORDER GRANTING BLANKET AUTHORIZATION TO IMPORT

AND EXPORT NATURAL GAS, INCLUDING LIQUEFIED

NATURAL GAS, FROM AND TO CANADA AND MEXICO AND

TO IMPORT LIQUEFIED NATURAL GAS FROM OTHER COUNTRIES

DOE/FE ORDER NO. 1297

AUGUST 27, 1997

I. DESCRIPTION OF REQUEST

On August 14, 1997, Valero Gas Marketing, L.P. (Valero) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)(1) and DOE Delegation Order Nos. 0204-111 and 0204-127, for authorization to import up to 150 Bcf and to export up to 150 Bcf of natural gas, including liquefied natural gas (LNG), from and to Canada and Mexico, and to import up to 25 Bcf of LNG from other countries over a two-year term beginning on the date of first import or export delivery after August 31, 1997.(2) Valero, a Delaware limited partnership, has its principal place of business in San Antonio, Texas. Valero will import and export the natural gas and LNG under short-term and spot market arrangements. The proposed authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by Valero has been evaluated to determine if the proposed import and export arrangement meets the public interest requirement of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), the import or export of natural gas from or to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas, and the import of LNG, are deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Valero to import and export natural gas, including LNG from and to Canada and Mexico, nations with which a free trade agreements are in effect, and LNG from countries other than Canada and Mexico, meet the section 3(c) criterion and, therefore, are consistent with the public interest. This blanket Order authorizes transactions under contracts with terms of no longer than two years.

ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Valero Gas Marketing, L.P. (Valero) is authorized to import up to 150 Bcf and to export up to 150 Bcf of natural gas, including LNG, from and to Canada and Mexico, and to import up to 25 Bcf of LNG from other countries, over a two-year term beginning on the date of first import or export delivery after August 31, 1997.

B. This natural gas may be imported or exported at any point on the borders between the United States and Canada, and between the United States and Mexico. The LNG may be imported at any point on the international border where existing LNG facilities are located.

C. Within two weeks after deliveries begin, Valero shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3F-056, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first import or export delivery of natural gas or LNG authorized in Ordering Paragraph A above has occurred.

D. With respect to the natural gas imports and exports authorized by this Order, Valero shall file with the Office of Natural Gas & Petroleum Import and Export Activities, within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports of natural gas or LNG have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports or exports of natural gas or LNG have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, Valero must report the following: (1) total monthly volumes in Mcf; (2) the average monthly purchase price of gas per MMBtu at the international border; (3) the name of the seller(s); (4) the name of the purchaser(s); (5) the estimated or actual duration of the agreement(s); (6) the name of the U. S. transporter(s), including LNG tankers used; (7) the point(s) of entry and exit; and (8) the geographic market(s) served (for imports, by State). For import transactions only, the report shall also include: (1) whether sales are being made on an interruptible or firm basis; (2) the country of origin; and, if applicable, (3) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price. With respect to LNG imports the reports shall also indicate the average landed cost per MMBtu at the point of import.

E. The first quarterly report required by Ordering Paragraph C of this Order is due not later than October 30, 1997, and should cover the period from September 1, 1997, until the end of the third calendar quarter, September 30, 1997.

Issued in Washington, D.C., on August 27, 1997.

____

Wayne E. Peters
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum Import and Export Activities
Office of Fossil Energy

1. 1/ 15 U.S.C. § 717b.

2. 2/ This is the expiration date of Valero's existing blanket import/export authorization granted by DOE/FE Opinion and Order Nos. 437 and 437-A, dated October 15, 1990 (1 FE ¶ 70,363) and August 4, 1992, unpublished.