UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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WEST TEXAS GAS, INC.	)	FE DOCKET NO. 02-32-NG
	)	

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT NATURAL GAS TO MEXICO

DOE/FE ORDER NO. 1776

MAY 10, 2002

I. DESCRIPTION OF REQUEST

On May 7, 2002, West Texas Gas, Inc. (WTG) 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, requesting blanket authorization to export up to 50 billion cubic feet of natural gas to Mexico. The term of the authorization would be for a period of two years beginning on June 1, 2002, and extending through May 31, 2004.[2] WTG, a Texas corporation with its principal place of business in Midland, Texas, is predominantly engaged in the distribution of gas in Texas, as well as city-gate sales through natural gas pipeline facilities regulated by the Texas Railroad Commission. WTG requests authority to export this gas under spot and short-term sales arrangements, on its own behalf as well as on behalf of others. The requested authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by WTG has been evaluated to determine if the proposed 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 export of natural gas to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by WTG to export natural gas to Mexico, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest. This blanket order authorizes transactions under contracts with terms of no longer than two years.

1/ 15 U.S.C. § 717b.

2/ WTG's existing blanket export authorization granted by DOE/FE Order No. 1598 dated May 25, 2000, expires May 31, 2002 (2 FE ¶ 70,495).

ORDER

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

A. West Texas Gas, Inc. (WTG) is authorized to export up to 50 billion cubic feet of natural gas to Mexico over a two-year term, beginning on June 1, 2002, and extending through May 31, 2004. This natural gas may be exported at any point along the international United States/Mexico border.

B. With respect to the natural gas exports authorized by this Order, WTG shall file, within 30 days following each calendar quarter, reports indicating whether exports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no exports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If exports have occurred, WTG 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 United States transporter(s); (7) the point(s) of exit.

[OMB No.: 1901-0294]

C. The first quarterly report required by Ordering Paragraph B of this Order is due not later than July 30, 2002, and should cover the period from June 1, 2002, until the end of the second calendar quarter June 30, 2002.

D. The reports required by Ordering Paragraph B of this Order shall be filed with the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, Room 3E-042, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585.

Issued in Washington, D.C., on May <u>10</u>, 2002.

Yvonne Caudillo
Acting Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
  Import & Export Activities
Office of Fossil Energy