

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

AMOCO ENERGY TRADING CORPORATION) FE DOCKET NO. 93-58-NG
)
)

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

DOE/FE OPINION AND ORDER NO. 841

SEPTEMBER 24, 1993

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I. BACKGROUND

On June 9, 1993, Amoco Energy Trading Corporation (AETC) 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. AETC requests blanket authorization to export to Mexico up to 146 Bcf of natural gas over a two-year term, beginning on the date of the first delivery after November 8, 1993.^{1/} AETC, a Delaware corporation with its principal place of business in Houston, Texas, is a wholly-owned subsidiary of Amoco Production Company, which is a wholly-owned subsidiary of Amoco Company, which is wholly-owned by Amoco Corporation. Amoco Corporation is an integrated company engaged in the exploration, production, transportation, refining, and marketing of natural gas and other hydrocarbons.

The gas to be exported by AETC would be produced in the southwest United States and sold in Mexico at competitive prices under short-term and spot market agreements. AETC asserts that the gas it plans to export will not be needed for domestic consumption. AETC would use existing pipeline facilities to transport the gas and will comply with DOE's quarterly reporting requirement.

^{1/} This is the expiration date of AETC's current two-year blanket authorization to export natural gas to Mexico, granted by DOE/FE Opinion and Order No. 354 on December 6, 1989 (1 FE Para. 70,269).

II. INTERVENTIONS AND COMMENTS

A notice of AETC's application was published in the Federal Register on July 29, 1993, inviting protests, motions to intervene, notices of intervention and comments to be filed by August 30, 1993.^{2/} Valero Transmission, L.P. (Valero) filed a motion to intervene, but did not take a position on the authorization sought by AETC or request additional procedures. This order grants intervention to Valero.

III. DECISION

The application filed by AETC 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."^{3/} 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.

AETC'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 AETC's transactions will be short-term and market-responsive, it is

2/ 58 F.R. 40640. —

3/ 15 U.S.C. Sec. 717b. —

unlikely that the proposed export volumes will be needed in the domestic market during the term of this authorization.

Additionally, AETC's proposal, which is similar to other blanket export arrangements approved by DOE,^{4/} 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 AETC to export to Mexico up to 146 Bcf of natural gas over a two-year period beginning on the date of the first delivery after November 8, 1993, is not inconsistent with the public interest.^{5/} This blanket order

authorizes transactions under contracts with terms of no longer than two years.

ORDER

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

A. Amoco Energy Trading Corporation (AETC) is authorized to export to Mexico up to 146 Bcf of natural gas over a period of two years beginning on the date of the first delivery after

^{4/} E.g., Chevron Natural Gas Services, Inc., 1 FE Para. 70,778 (March 26, 1993); Aquila Southwest Marketing Corporation, 1 FE Para. 70,765 (March 2, 1993); and AGE marketing Company, 1 FE Para. 70,743 (January 21, 1993).

^{5/} Because the proposed export of natural gas will use existing

pipeline 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).

November 8, 1993. This natural gas may be exported at any point on the border of the United States and Mexico where existing pipeline facilities are located.

B. Within two weeks after deliveries begin, AETC shall provide written notification to the Office of Fuels Programs, Fossil Energy, Room 3F-056, 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.

C. Regarding the natural gas exports authorized by this Order, AETC 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. Quarterly reports must be filed whether or not deliveries have begun. If no exports have been made, a report of "no activity" for that calendar quarter must be filed. If exports have occurred, AETC must report monthly total volumes of the exports 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 name of the seller(s) ; (2) the name of the purchaser(s); (3) the estimated or actual duration of the agreement(s); (4) the name of the United States 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.

D. The first quarterly report required by Ordering Paragraph C is due not later than January 30, 1994, and should cover the period from November 9, 1993, through the end of the fourth calendar quarter, December 31, 1993.

E. The motion to intervene filed by Valero Transmission, L.P. (Valero) is hereby granted, provided that Valero's participation shall be limited to the matters specifically set forth in its motion to intervene and not herein specifically denied, and that the admission of this intervenor shall not be construed as recognition that it may be aggrieved because of any order issued in this proceeding.

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

Anthony J. Como
Director
Office of Coal and Electricity
Office of Fuels Programs
Office of Fossil Energy