Cited as "1 FE Para. 70,269"

Amoco Energy Trading Corporation (FE Docket No. 89-59-NG), December 6, 1989.

DOE/FE Opinion and Order No. 354

Order Granting Blanket Authorization to Export Natural Gas to Mexico and Granting Intervention

I. Background

On August 22, 1989, Amoco Energy Trading Corporation (AETC) filed an application pursuant to section 3 of the Natural Gas Act (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127 for blanket authorization to export from the United States to Mexico up to 200,000 Mcf of natural gas per day or 73 Bcf of natural gas per year over a two-year period beginning on the date of first delivery. AETC intends to transport the gas through existing pipeline facilities in Texas, and will advise the DOE of the date of first delivery. AETC intends to submit quarterly reports detailing each transaction.

AETC, a Delaware corporation with its principal place of business in Chicago, Illinois, 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, refining, transportation, and marketing of oil, natural gas, and other hydrocarbons. AETC proposes to export natural gas produced in the U.S. Southwest, including the states of New Mexico and Texas, to Mexico for resale to purchasers on an interruptible or firm basis for a term of two years. No contracts have been executed and therefore the application does not identify purchasers or prices of the natural gas for proposed export. However, AETC asserts that contracts will be freely negotiated to reflect market conditions.

In support of the application, AETC asserts that there is no present domestic national or regional need for the gas. AETC contends that the proposed exports will relieve the current domestic surplus of natural gas, will benefit Southwest producing areas and individual producers by providing increased tax and related revenues, and will benefit pipeline throughput.

A notice of the application was issued on October 5, 1989, inviting protests, motions to intervene, notices of intervention, and comments to be filed by November 12, 1989.1/ A motion to intervene without comment or request for additional procedures was filed by Valero Transmission, L.P. This order grants intervention to this movant.

II. 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." 2/ In reviewing natural gas export applications, domestic need for the gas to be exported is considered, and 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 the DOE's international gas trade policy. We believe that the current domestic gas supply, coupled with the short-term, market-responsive nature of the contracts into which AETC proposes to enter, indicate that it is unlikely that the proposed export volumes will be needed domestically during the term of the authorization. In addition, AETC's proposal, like other blanket export proposals that have been approved by the 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, AETC'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 AETC blanket authority to export a total of up to 146 Bcf of natural gas from the U.S. to Mexico during a period of two years, under contracts with terms of up to two years, is not inconsistent with the public interest. Consistent with our treatment of similar blanket applications, there will be no restriction on the daily or annual volume that maybe exported. This maximizes the flexibility of spot market exporters and importers to provide gas supplies to meet customer demand.

ORDER

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

A. Amoco Energy Trading Corporation (AETC) is authorized to export a total of up to 146 Bcf of natural gas from the United States to Mexico during a two-year period beginning on the date of the first delivery.

B. AETC is authorized to export natural gas at any point on the international border where existing pipeline facilities are located.

C. Within two weeks after deliveries begin, AETC 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 occurs.

D. With respect to the exports authorized by this Order, AETC shall file within 30 days following each calendar quarter, quarterly reports indicating whether sales of exported natural gas have been made, and if so, giving by month, the total volume of the exports in Mcf and the average price for exports per MMBtu at the international border. The reports shall also provide the details of each export transaction, including the names of the seller(s), and the purchaser(s), estimated or actual duration of the agreements, transporter(s), points of exit, market(s) served, and, if applicable, the per unit (MMBtu) demand/commodity charge breakdown of the price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions.

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

Issued in Washington, D.C., on December 6, 1989.

--Footnotes--

1/ 54 FR 41664, October 11, 1989.

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

3/ See e.g., Coastal Gas Marketing Company, 1 FE Para. 70,207 (March 29, 1989); Cornerstone Natural Gas Company, 1 FE Para. 70,216 (April 12, 1989); TransAmerican Natural Gas Corporation, 1 FE Para. 70,220 (April 28, 1989); and Gas Masters, Inc., 1 FE Para. 70,222 (April 28, 1989).