Cited as "1 FE Para. 70,497"

Delhi Gas Pipeline Corporation (FE Docket No. 91-65-NG), November 15, 1991.

DOE/FE Opinion and Order No. 546

Order Granting Blanket Authorization to Export Natural Gas to Mexico

I. Background

On August 16, 1991, Delhi Gas Pipeline Corporation (Delhi) filed an application with the Office of Fossil Energy (FE) of the Department of Energy (DOE) pursuant to section 3 of the Natural Gas Act (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127 requesting blanket authorization to export from the United States to Mexico up to 73 Bcf of natural gas over a two-year period beginning on the date of first delivery. Delhi, a Delaware corporation with its principal place of business in Dallas, Texas, intends to purchase the gas from U.S. producers primarily on a short-term or spot market basis and export it for sale to Mexican purchasers. The identity of the participants is presently unknown, but will be reported in quarterly filings to DOE. Delhi maintains that this gas would be surplus to domestic need, and that all export sales would result from arms-length negotiations with the prices determined by market conditions. In addition, no new pipeline facilities would be required to implement the proposed export arrangements.

A notice of the application was issued on September 17, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by October 24, 1991. 1/ No comments or requests for intervention were received.

II. Decision

The application filed by Delhi 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 gas to be exported is considered, and any other issues determined to be appropriate in a particular case.

Delhi's uncontested export proposal, as set forth in the application, is consistent with section 3 of NGA and DOE's international gas trade policy. The current supplies of domestic gas, coupled with the short-term, market responsive nature of the contracts into which Delhi 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, Delhi'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, Delhi'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 Delhi blanket authority to export a total of up to 73 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 and should be approved.4/

ORDER

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

A. Delhi Gas Pipeline Corporation (Delhi) is authorized to export a total of up to 73 Bcf of natural gas from the United States to Mexico during a two-year period beginning on the date of the first export.

B. Delhi is authorized to export this gas from any point on the international boundary line which does not require construction of new border facilities.

C. Within two weeks after deliveries begin, Delhi shall provide written notification to the Office of Fuel Programs, Fossil Energy, Room 3F-056, FB-50, Forrestral Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date of that first delivery of natural gas authorized in Ordering Paragraph A above occurred.

D. With respect to the short-term blanket exports authorized by this order, the applicant shall file with the Office of Fuels Programs, 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 volumes of the exports in Mcf and the average price per MMBtu at the international border. The reports shall also provide details of each export transaction, including the name(s) of the seller(s) and the purchaser(s), including those other than Delhi; estimated or actual duration of the agreements; transporters; points of exit; markets served; and, if applicable, the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions. If no exports have been made, a report of "no activity" for that calendar quarter must be filed. Failure to file quarterly reports may result in termination of the authorization.

E. The first quarterly report required by paragraph D of this order is due not later than January 30, 1992, and should cover the period from the date of this order until the end of the current calendar quarter December 31, 1991.

Issued in Washington, D.C., November 15, 1991.

--Footnotes--

1/ 56 FR 48196, September 24, 1991.

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

3/ See, e.g., Corpus Christi Gas Marketing, Inc. 1 FE Para. 70,386 (November 11, 1990); Clajon Marketing, L.P., 1 FE Para. 70,406 (January 29, 1991); and American Central Gas Companies, Inc., 1 FE Para. 70,446 (May 16, 1991).

4/ Because the proposed exportation of gas will use existing facilities, DOE has determined that granting this application is clearly 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. 4321, et seq.) and therefore an environmental impact statement or environmental assessment is not required. See 40 CFR Sec. 1508.4 and 54 FR 12474 (March 27, 1989).