UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

MARKWEST HYDROCARBON PARTNERS, LTD.	)	FE DOCKET NO. 92-01-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT NATURAL GAS TO MEXICO

DOE/FE OPINION AND ORDER NO. 613

APRIL 30, 1992

I. BACKGROUND

On January 2, 1992, MarkWest Hydrocarbon Partners, Ltd. (MarkWest), 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, requesting blanket authorization to export to Mexico up to 125,000 MMBtu per day of natural gas over a two-year period commencing with the date of first delivery. MarkWest intends to utilize existing pipeline facilities for the transportation of the exported gas and will submit quarterly reports detailing each export transaction.

MarkWest, a Colorado limited partnership with its principal place of business in Englewood, Colorado, states that the exported natural gas would be delivered to different Mexican purchasers for varying terms not to exceed one year. All sales would result from arms-length negotiations, and prices would be determined by market conditions. In support of its application, MarkWest maintains that there is no present domestic need for the gas to be exported and that its export proposal will facilitate the marketing of surplus U.S. gas.

A notice of the application was published in the Federal Register on February 3, 1992, inviting protests, motions to intervene, notices of intervention, and comments to be filed by

March 4, 1992./1 No comments or motions to intervene were received.

II. DECISION

The application filed by MarkWest 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.

MarkWest'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. The current supply situation, coupled with the short-term, market-responsive nature of the contracts into which Markwest proposes to enter, make it unlikely that domestic need for the proposed export volumes will become an issue during the term of the authorization. In addition, MarkWest's proposal, like other blanket export proposals that have been approved by the DOE,/3 will further the

1. 57 FR 4013.

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

3. See e.g., Utrade Gas Company, 1 FE Para. 70,469 (July 26, 1991); Venro Petroleum Corporation, 1 FE Para. 70,465 (July 22, 1991); Texaco Gas Marketing, Inc., 1 FE Para. 70,458 (June 21, 1991).

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, MarkWest'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 MarkWest blanket authorization to export natural gas to Mexico over 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 In order to provide MarkWest with maximum operating flexibility I have designated a total authorized volume for the two-year term of 91.3 Bcf of natural gas, rather than the 125,000 MMBtu per day that MarkWest requested in its export application.

ORDER

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

A. MarkWest Hydrocarbon Partners, Ltd. (MarkWest) is authorized to export up to 91.3 Bcf of natural gas from the

4. Because the proposed exportation of gas will use existing facilities, DOE has determined that granting this application 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. 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).

United States to Mexico over a two-year term beginning on the date of the first delivery.

B. MarkWest 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, MarkWest 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 occurred.

D. With respect to the exports authorized by this Order, MarkWest 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, and if so, giving, by month, the total volume 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 names of the seller(s); (2) the names of the purchaser(s); (3) estimated or actual duration of the agreements; (4) transporter(s); (5) points of exit; (6) geographic markets served; and if applicable, (7) 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 this authorization.

E. The first quarterly report required by Ordering Paragraph D of this Order is due not later than July 30, 1992, and should cover the period from the date of this order until the end of the current calendar quarter June 30, 1992.

Issued in Washington, D.C., on April 30, 1992.

Charles F. Vacek
Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy