UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

TECO GAS MARKETING COMPANY	)	FE DOCKET NO. 91-110-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT NATURAL GAS TO MEXICO

DOE/FE OPINION AND ORDER NO. 635

JUNE 12, 1992

I. BACKGROUND

On December 20, 1991, Teco Gas Marketing Company (Teco) filed an application with the Office of Fossil Energy 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 200,000 MMBtu per day of natural gas over a two-year period beginning on the date of first delivery. 1/ Teco is a corporation organized under the laws of the State of Delaware with its principal place of business in Houston, Texas. According to Teco, this gas would be acquired from U.S. producers at market responsive prices for sales to various Mexican purchasers. Teco asserts that all gas exported would be surplus to domestic need and that all sales would result from arms-length negotiation. Teco proposes to use existing U.S. natural gas pipeline facilities to transport the exported gas and to submit quarterly reports detailing each transaction and that it will advise the DOE of the date of first delivery.

A notice of the application was published in the Federal Register on February 25, 1992, inviting protests, motions to intervene, notices of intervention and comments to be filed by March 26, 1992. 2/ No comments or motions to intervene were received.

1/ One MMBtu is equal to approximately one Mcf.

2/ 57 F.R. 6500.

II. DECISION

The application filed by Teco 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/ In reviewing natural gas export applications, domestic need for the gas to be exported is considered as well as any other issues determined to be appropriate in a particular case.

Teco'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 Teco's transactions will be short-term and market-responsive, it is unlikely that the proposed export volumes will be needed in the domestic market during the term of this authorization. Additionally, Teco's proposal, which is similar to other blanket export arrangements approved by DOE, 4/ will further the Secretary of Energy's policy goal to reduce trade barriers by promoting a more market-oriented gas trade between the United States and Mexico.

3/ 15 U.S.C. Sec. 717b.

4/ See e.g., Phillips Gas Marketing Company, 1 FE 70,559 (April 14, 1992); BridgeGas U.S.A., Inc., 1 FE 70,562

(April 17, 1992); and Sergeant Oil & Gas Co., Inc., 1 FE 70,564

(April 17, 1992).

After taking into consideration all of the information in the record of this proceeding, I find that granting Teco authority to export natural gas to Mexico over a period of two years, under contracts with terms of two years or less, is not inconsistent with the public interest. 5/ In order to provide Teco with maximum operating flexibility I have designated a total authorized volume for the two-year term of 146 Bcf of natural gas, rather than the 200,000 MMBtu per day that Teco 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. Teco Gas Marketing Company (Teco) is authorized to export to Mexico up to 146 Bcf of natural gas over a two-year term beginning on the date of the first delivery.

B. This natural gas may be exported at any point on the U.S./Mexico border where existing pipeline facilities are located.

C. Within two weeks after deliveries begin, Teco shall provide written notification to the Office of Fuels Programs,

5/ Because the proposed export of gas will use existing 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. 4321, et seq.) and therefore an environmental impact statement or an environmental assessment is not required. See 40 CFR 1508.4 and 57 F.R. 15122 (April 24, 1992).

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 natural gas exports authorized by this Order, Teco shall file within 30 days following each calendar quarter, quarterly reports indicating whether exports of natural gas have been made. If no exports have been made, a report of "no activity" for that calendar quarter must be filed. If exports occurred, Teco must report monthly total volume 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 purchasers; (2) the estimated or actual duration of the agreements; (3) the names of the transporter(s); (4) the points of exit; (5) the geographic market(s) served; and, (6) whether the sales are being made on an interruptible or firm basis. Failure to file quarterly reports may result in termination of this authorization.

E. The first quarterly report required by 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 June 12, 1992.

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