

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

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UNION PACIFIC FUELS, INC. )  
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FE DOCKET NO. 92-117-NG

ORDER GRANTING BLANKET AUTHORIZATION  
TO EXPORT NATURAL GAS TO MEXICO

DOE/FE OPINION AND ORDER NO. 705

NOVEMBER 12, 1992

I. BACKGROUND

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On September 8, 1992, Union Pacific Fuels, Inc. (UPFI) 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 from the United States to Mexico up to 146 Bcf of U.S. natural gas over a two-year period beginning on the date of first delivery. UPFI is a marketer of natural gas and has its principal place of business in Fort Worth, Texas. UPFI, a wholly-owned subsidiary of Union Pacific Resource Company, a Texas corporation, intends to export gas under spot and short-term sales arrangements, the terms of which, including price and volume, would be negotiated in response to market conditions.

In support of its application, UPFI 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. According to UPFI only existing pipeline facilities would be used to transport the gas and it will submit quarterly reports detailing each transaction.

A notice of the application was issued on September 11, 1992, inviting protests, motions to intervene, notices of intervention, and comments to be filed by October 21, 1992.1/

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No comments or motions to intervene were received.

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1. 57 FR 43452, September 21, 1992.

## II. DECISION

The application filed by UPFI 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."<sup>2/</sup> 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.

UPFI'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. Natural gas supplies in the U.S. are expected to be more than adequate to meet consumer demand. For this reason, and because UPFI's transactions will be short-term and market-responsive, it is unlikely that the proposed export volumes will be needed domestically during the term of the authorization. In addition, UPFI's proposal, like other blanket export proposals that have been approved by the DOE,<sup>3/</sup> will further the Secretary's policy goals of reducing trade barriers by promoting a more market-oriented gas trade between the United States and Mexico. Thus, UPFI's export arrangement will enhance cross-border competition in the marketplace.

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

3. E.g., Saratoga Natural Gas Incorporated, 1 FE 70,620

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(August 5, 1992); MG Natural Gas Corp., 1 FE 70,616

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(July 30, 1992); and Kimball Energy Corporation, 1 FE 70,610

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(July 28, 1992).

After taking into consideration all of the information in the record of this proceeding, I find that granting UPFI blanket authorization to export up to 146 Bcf of 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 and should be approved.<sup>4/</sup>

ORDER

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

A. Union Pacific Fuels, Inc. (UPFI) is authorized to export up to a maximum of 146 Bcf of natural gas from the United States to Mexico over a two-year term beginning on the date of the first delivery.

B. UPFI is authorized to export natural gas at any point on the U.S./Mexico border where existing pipeline facilities are located.

C. Within two weeks after deliveries begin, UPFI 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.

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4. 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

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therefore neither an environmental impact statement nor  
environmental assessment is required. See 40 C.F.R. 1508.4 and

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57 F.R. 15122 (April 24, 1992).

D. Regarding the natural gas exports authorized by this order, UPFI shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether export sales have been made. If no exports have been made, a report of "no activity" for that calendar quarter must be filed. If exports occurred, UPFI must report monthly total volumes 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 purchaser(s); (2) the estimated or actual duration of the agreements; (3) the name of the U.S. transporter(s); (4) the point(s) 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 Ordering Paragraph D of this Order is due not later than January 30, 1993, and should cover the period from the date of this order until the end of the current calendar quarter December 31, 1992.

Issued in Washington, D.C., on November 12, 1992.

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