

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

WESTERN GAS RESOURCES, INC.)
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FE DOCKET NO. 93-26-NG

ORDER GRANTING BLANKET AUTHORIZATION TO IMPORT
AND EXPORT NATURAL GAS FROM AND TO MEXICO
AND GRANTING INTERVENTION

DOE/FE OPINION AND ORDER NO. 814

JUNE 25, 1993

I. BACKGROUND

On February 22, 1993, as revised March 2, 1993, Western Gas Resources, Inc. (Western), 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 import and export natural gas from and to Mexico. Western is a Delaware corporation and a natural gas marketer with its principal place of business in Denver, Colorado. Western proposes to import up to 73 Bcf of gas and export up to 73 Bcf of gas over a two-year period beginning on the date of the initial import or export, whichever occurs first.

This gas would be imported and exported by Western under spot and short-term purchase arrangements, either on its own behalf or as the agent for others. Western asserts that all sales would result from arms-length negotiations and at prices that reflect market conditions. Western also states that it would use existing pipeline facilities to transport the gas and that it will comply with DOE's quarterly reporting requirements. Finally, Western asserts there is no current need in the United States for the domestic gas that would be exported.

A notice of Western's application was published in the Federal Register on April 26, 1993, inviting protests, motions to

intervene, notices of intervention, and comments to be filed by May 26, 1993.^{1/} Valero Transmission, L.P. (Valero) filed a

motion to intervene without substantive comments or request for

additional procedures. This order grants intervention to Valero.

II. DECISION

The application filed by Western has been evaluated to determine if the proposed import/export arrangement meets the public interest requirements of section 3 of the NGA. Under section 3, an import or export must be authorized unless there is a finding that it "will not be consistent with the public interest."^{2/} Regarding import authorizations, the section 3 determination is directed by DOE's natural gas import policy guidelines.^{3/} Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test. When natural gas export applications are reviewed, domestic need for the gas to be exported is considered, as well as any other issues determined to be appropriate in a particular case.

Western's uncontested import/export proposal, as set forth in the application, is consistent with section 3 of the NGA, DOE's natural gas import policy guidelines, and DOE's international gas trade policy. The authorization sought, similar to other blanket arrangements approved by DOE ^{4/}, will provide Western with blanket approval, within prescribed limits,

^{2/} 15 U.S.C. Sec. 717b.

^{3/} 49 F.R. 6684, February 22, 1984.

^{4/} E.g., Tristar Gas Marketing Company, 1 FE Para. 70,695

(November 9, 1992); Multi-Energies Inc., 1 FE Para. 70,706

(November 20, 1992); International Resource Management

Corporation, 1 FE Para. 70,713 (November 30, 1992); and Chevron

Natural Gas Services, Inc., 1 FE Para. 70,778 (March 26, 1993).

to negotiate and transact individual spot and short-term import and export arrangements without further regulatory action. Western's proposed transactions would only occur when producers and sellers can provide spot or short-term volumes, customers need the gas, and prices remain competitive. Additionally, because natural gas supplies in the United States are expected to continue to be more than adequate to meet consumer demand, it is unlikely that the proposed export volumes will be needed in the domestic market during the term of this authorization. Therefore, Western's import/export proposal will reduce trade barriers by promoting a more market-oriented gas trade between the United States and Mexico.

After taking into consideration all of the information in the record of this proceeding, I find that authorizing Western to import up to 73 Bcf of natural gas and export up to 73 Bcf of natural gas from and to Mexico over a two-year period is not inconsistent with the public interest.^{5/} This blanket order
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authorizes transactions under contracts with terms of no longer than two years.

5/ Because the proposed import/export of gas will use existing
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pipeline 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. Sec. 4321, et seq.); therefore, neither an environmental impact statement nor
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an environmental assessment is required. See 40 CFR Sec. 1508.4 and
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57 F.R. 15122 (April 24, 1992).

ORDER

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

A. Western Gas Resources, Inc. (Western), is authorized to import up to 73 Bcf of natural gas and export up to 73 Bcf of natural gas from and to Mexico for a period of two years. The term of the authorization begins on the date of the initial import or export, whichever occurs first.

B. This natural gas may be imported and exported at any point on the border of the United States and Mexico where there is an existing pipeline.

C. Within two weeks after deliveries begin, Western shall provide written notification to the Office of Fuels Programs, Fossil Energy, Room 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first import or export of natural gas authorized in Ordering Paragraph A above occurred.

D. Regarding the natural gas imports and exports authorized by this order, Western shall file with the Office of Fuels Programs, within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports of natural gas have been made. If no imports or exports have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports occurred, Western 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 import and export transaction, including: (1) the name of the purchaser(s); (2) the name of the seller(s); (3) the estimated or actual duration of the agreement(s); (4) the name of the United States transporter(s); (5) the point(s) of entry or exit; (6) the geographic market(s) served; (7) whether the sales are being made on an interruptible or firm basis; and, if applicable, (8) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price. 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, 1993, and should cover the period from the date of this order to the end of the current calendar quarter, June 30, 1993.

F. The motion to intervene filed by Valero Transmission, L.P., as set forth in this order, is hereby granted, provided that its participation shall be limited to matters specifically set forth in its motion to intervene and not herein specifically denied, and that the 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 June 25, 1993.

Anthony J. Como
Acting Deputy Assistant Secretary
for Fuels Programs

Office of Fossil Energy