

Cited as "1 ERA Para. 70,656"

ITRP/Kimball Gas Ventures, a Joint Venture (ERA Docket No. 86-22-NG),
June 24, 1986.

DOE/ERA Opinion and Order No. 133

Order Granting Blanket Authorization to Import Natural Gas from Canada

I. Background

On March 31, 1986, Gas Ventures filed an application for blanket authorization to import up to 100,000 Mcf per day of Canadian natural gas and up to a total of 75 Bcf over a term to extend through December 31, 1987, and month to month thereafter until terminated upon 30 days written notice either by the ERA or Gas Ventures. Subsequently, to avoid confusion with another firm carrying a similar name, Gas Ventures requested revision of its name in this docket to ITRP/Kimball Gas Ventures, a Joint Venture (Ventures). Ventures is a joint venture of ITRP Natural Gas Ventures, Inc. and Kimball Energy Corporation. The former is a wholly-owned subsidiary of ITR Petroleum, Inc., a Nevada corporation that currently sells gas to Ventures, and the latter is not affiliated with any other participant.

Ventures is a marketer of natural gas, purchasing from independent producers in Wyoming and selling on a spot or short-term basis to Rocky Mountain or Pacific Northwest customers along the Northwest Pipeline Corporation (Northwest) system. Imported gas would be supplied by Canadian producers or pipelines and sold on a short-term or spot basis to U.S. purchasers. Ventures would act on its own behalf or as an agent on behalf of U.S. purchasers and/or Canadian suppliers.

Ventures proposes to file quarterly reports, on a confidential basis, on the specifics of each transaction with the ERA within 45 days following each calendar quarter.

The ERA published a notice of the application on April 21, 1986, inviting protests, motions to intervene, notices of interventions and comments to be filed by May 21, 1986.^{1/}

Motions to intervene were filed by El Paso Natural Gas Company, Pacific Gas Transmission Company, and Northwest. None of the intervenors expressed an opinion on the merits of the import proposal, nor requested any further proceedings. This order grants intervention to these movants.

II. Decision

The application filed by Ventures has been evaluated in accordance with the Administrator's authority to determine if the proposed import arrangement meets the public interest requirements of Section 3 of the Natural Gas Act. Under Section 3, an import is to be authorized unless there is a finding that it "will not be consistent with the public interest." 2/ The Administrator is guided in this determination by the DOE's natural gas policy guidelines.^{3/} Under these guidelines the competitiveness of an import arrangement in the markets served is the primary consideration for meeting the public interest test.

The import authorization sought would provide Ventures with blanket approval, within prescribed limits, to negotiate and transact individual, short-term sales arrangements without further regulatory action.

No party has objected to Ventures' proposed import of Canadian gas. Moreover, the fact that each sale will be voluntarily negotiated, short-term and market-responsive provides assurance that the transactions will be competitive. Apart from certain proposed modifications to the calendar term and reporting conditions imposed by the ERA on blanket authorizations, Ventures' proposed arrangement is similar to other blanket arrangements, and like these other blanket imports^{4/} approved by the ERA, will enhance competition in the marketplace.

Ventures has requested that the ERA's standard reporting requirements for blanket authorizations be modified to grant confidential treatment to individual transactions, and that reports be filed within 45 days following each calendar quarter rather than 30 days. It is the ERA policy that disclosure of the specific terms of sales under a blanket authorization, details which are not available at the time of authorization, enables the public to evaluate the import arrangement and to comment on both the specific arrangement and the blanket authorization vehicle as a more general matter. Absent a demonstration that the information is confidential and disclosure would result in competitive harm, a demonstration not made by Ventures, we will not extend confidential treatment to the reports. Further, Ventures provides no reason to justify a special extension of the 30-day report filing requirement. Accordingly, the proposed modifications to the reporting requirement are denied.

In addition, we are also denying Ventures' request for an authorization to extend until December 31, 1987, and month to month thereafter. Ventures offers no reason sufficiently compelling to diverge from the ERA's current

practice which, in recognition of the experimental nature of the blanket import arrangements, limits the term authorized to two years. The two-year limitation provides an opportunity, after passage of a reasonable period of time, for review of the impact of the blanket program. If the blanket authorizations operate as envisaged, Ventures may request and receive an extension of this blanket authorization. Also, to be consistent with previous authorizations, the term will commence on the date of first delivery.

After taking into consideration all of the information in the record of this proceeding, I find that granting Ventures blanket authority to import up to 100,000 Mcf of Canadian natural gas per day, or 73 Bcf over a two-year period beginning on the date of first delivery is not inconsistent with the public interest.^{5/}

ORDER

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

A. ITRP/Kimball Gas Ventures, A Joint Venture (Ventures) is authorized to import up to 100,000 Mcf of Canadian natural gas per day, or 73 Bcf over a two-year period, beginning on the date of first delivery.

B. Ventures shall notify the ERA in writing of the date of first delivery of natural gas imported under Ordering Paragraph A above within two weeks after the date of such delivery.

C. With respect to the imports authorized by this Order, Ventures shall file with the ERA within 30 days following each calendar quarter, quarterly reports indicating whether sales of imported gas have been made and, if so, giving, by month, the total MMcf of the imports and the average purchase price per MMBtu at the border. The reports shall also provide the details of each transaction, including the names of the sellers and purchasers, estimated or actual duration of the agreements, transporters, points of entry, markets served and, if applicable, any demand/commodity charge breakdown of the contract price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions.

D. Ventures' request for confidential treatment of the reports that it is to file under Ordering Paragraph C is hereby denied.

E. The motions to intervene, as set forth in this Opinion and Order, are hereby granted, provided that participation of the intervenors shall be

limited to matters specifically set forth in their motions to intervene and not herein specifically denied, and that the admission of such intervenors shall not be construed as recognition that they might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on June 24, 1986.

--Footnotes--

1/ 51 FR 13552, April 21, 1986.

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

3/ 49 FR 6684, February 22, 1984.

4/ See e.g., Ocelot Energy Corporation, 1 ERA Para. 70,643 (May 15, 1986); Chieftain International, Inc., 1 ERA Para. 70,644 (May 16, 1986); Texas Eastern Gas Trading Company, 1 ERA Para. 70,647 (May 20, 1986); Koch Hydrocarbon Company, 1 ERA Para. 70,648 (May 22, 1986); Carlyle Energy, Inc., 1 ERA Para. 70,649 (May 29, 1986); and Canterra Natural Gas Inc., 1 ERA Para. 70,650 (May 29, 1986).

5/ Because the proposed importation of gas will use existing pipeline facilities, the 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.