

Cited as "1 ERA Para. 70,696"

American Hunter Exploration Ltd. (ERA Docket No. 87-08-NG), April 30, 1987.

## DOE/ERA Opinion and Order No. 169

### Order Granting Blanket Authorization to Import Natural Gas from Canada

#### I. Background

On February 9, 1987, American Hunter Exploration Ltd. (American Hunter) filed an application with the Economic Regulatory Administration (ERA) of the Department of Energy (DOE), pursuant to Section 3 of the Natural Gas Act (NGA), for blanket authority to import from Canada up to 400 MMcf of natural gas per day and a maximum of 300 Bcf over a two-year period, beginning on the date initial deliveries of gas commence. American Hunter is a corporation registered in the State of Delaware.

Under the proposal, American Hunter would purchase Canadian gas from its affiliate, Canadian Hunter Exploration Ltd., and from other Canadian suppliers for its own account or for others. The Canadian gas would be sold in the U.S. spot market to local distribution companies, electric utilities, pipelines, and industrial and commercial end-users to displace higher priced energy supplies. The firm states that it would use existing facilities of U.S. pipelines to transport the gas.

American Hunter proposes to file quarterly reports following each calendar quarter giving the details of each transaction, including purchasers and sellers, price, volume, transporters, term of the agreements, take-or-pay or make-up provisions, if any, points of entry and market served.

In support of its application, American Hunter asserts that the flexibility provided under the blanket authorization will enable it to respond to rapidly changing conditions in the spot market and that the authorization requested is consistent with other blanket authorizations recently approved by the ERA.

The ERA issued a notice of the application on March 6, 1987, inviting protests, motions to intervene, notices of intervention, and comments to be filed by April 13, 1987.<sup>1</sup> Motions to intervene without comment or request for additional procedures were filed by El Paso Natural Gas Company, Pacific Gas Transmission Company, Northwest Alaskan Pipeline Company, and Northwest

Pipeline Corporation. This order grants intervention to these movants.

## II. Decision

The application filed by American Hunter has been evaluated to determine if the proposed import arrangement meets the public interest requirements of Section 3 of the NGA. 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 by the DOE's natural gas import policy guidelines. Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.<sup>3/</sup>

This application is similar to other blanket imports approved by the ERA.<sup>4/</sup> The authorization sought would provide American Hunter with blanket import approval to negotiate and transact individual, short-term, sale arrangements without further regulatory action.

American Hunter's proposed arrangement for the import of Canadian gas, as set forth in the application, is consistent with the DOE policy guidelines. Further, no party objected to the proposed import. The fact that each sale will be a short-term or spot-market transaction, as asserted in American Hunter's application, provides assurance that the transactions will be competitive. Under the proposed import, American Hunters' customers will only purchase gas to the extent they need such volumes and the price is competitive. Thus, this arrangement will enhance competition in the marketplace.

After taking into consideration all the information in the record of this proceeding, I find that granting American Hunter blanket authority to import up to 300 Bcf of Canadian natural gas over a term of two years is not inconsistent with the public interest.<sup>5/</sup>

## ORDER

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

A. American Hunter Exploration Ltd. (American Hunter) is authorized to import up to 300 Bcf of Canadian natural gas over a two-year period, beginning on the date of the first delivery.

B. This natural gas may be imported at any point on the international

border where existing pipeline facilities are located.

C. American Hunter 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.

D. With respect to the imports authorized by this Order, American Hunter 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 volume of the imports in MMcf and the average purchase and sales price per MMBtu at the international border. The report 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.

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 April 30, 1987.

--Footnotes--

1/ 52 FR 7921, March 13, 1987.

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

3/ 49 FR 6684, February 22, 1984.

4/ See e.g., Petro-Canada Hydrocarbons Inc., 1 ERA Para. 70,664 (August 26, 1986); Spot Market Corporation, 1 ERA Para. 70,665 (August 27, 1986); Hadson Canada, Inc., 1 ERA Para. 70,667 (September 9, 1986); Wessely Marketing Corporation, 1 ERA Para. 70,679 (December 4, 1986); Forrest Marketing Corporation, 1 ERA Para. 70,686 (January 30, 1987); and Fiscus Inc., 1 ERA Para. 70,690 (March 13, 1987).

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.