

Cited as "1 ERA Para. 70,704"

Quintana Minerals Corporation (ERA Docket No. 87-01-NG) June 1, 1987.

DOE/ERA Opinion and Order No. 175

Order Granting Blanket Authorization to Import Natural Gas from Canada

## I. Background

On January 12, 1987, Quintana Minerals Corporation (QMC) 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 authorization to import up to 40 Bcf over a two-year period, beginning on the date of first delivery. QMC is a privately held corporation registered in the State of Texas with its principal place of business in Houston, Texas.

Under the proposal, QMC would purchase Canadian gas from Quintana Exploration Canada Ltd.<sup>1</sup> for its own account or for others. QMC intends to sell the gas in the U.S. spot market to local distribution companies, electric utilities, pipelines, industrial and commercial end-users. The firm states that it would use existing facilities of U.S. pipelines to transport the gas.

QMC 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, QMC 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 of March 6, 1987, inviting protests, motions to intervene, notices of intervention, and comments to be filed by April 20, 1987.<sup>2</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 QMC 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." 3/ The Administrator is guided by the DOE's natural gas import policy guidelines.4/ Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

This application is similar to other blanket imports approved by the ERA.5/ The authorization sought would provide QMC with blanket import approval to negotiate and transact individual, short-term, sale arrangements without further regulatory action.

QMC'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 QMC's application, provides assurance that the transactions will be competitive. Under the proposed import, QMC's 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 of the information in the record of this proceeding, I find that granting QMC's blanket authority to import up to 40 Bcf of Canadian natural gas over a term of two years is not inconsistent with the public interest.6/

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

#### ORDER

A. Quintana Minerals Corporation (QMC) is authorized to import a total of up to 40 Bcf of Canadian natural gas over a two-year period, beginning on the date of first delivery.

B. This natural gas may be imported at any point on the international border where existing pipeline facilities are located.

C. Quintana Minerals Corporation shall notify the ERA in writing of the date of first delivery of natural gas authorized in Ordering Paragraph A above within two weeks after deliveries begin.

D. With respect to the import authorized by this Order, Quintana Minerals Corporation 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 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 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 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 1, 1987.

--Footnotes--

1/ Quintana Exploration Canada Ltd. and Quintana Minerals Corporation are not legal affiliates. They each have common owners who are descendants of the Hugh Roy Cullen family.

2/ 54 FR 8957, March 20, 1987.

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

4/ 49 FR 6684, February 22, 1984.

5/ See, e.g., CanadianOxy Marketing, Inc., 1 ERA Para. 70,683 (December 29, 1986); Forest Marketing Corp., 1 ERA Para. 70,686 (January 30, 1987); Fiscus Inc., 1 ERA Para. 70,690 (March 13, 1987), and Bonus Energy, Inc., 1 ERA Para. 70,691 (March 24, 1987).

6/ 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.

