

Cited as "1 FE Para. 70,461"

North American Resources Company (FE Docket No. 91-21-NG), June 24, 1991.

DOE/FE Opinion and Order No. 515

Order Granting Blanket Authorization to Import Natural Gas from Canada

### I. Background

On March 20, 1991, North American Resources Company (NARCo) filed an application with 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 up to 10.95 Bcf of Canadian natural gas over a two-year period commencing with the date of first delivery. NARCo intends to utilize existing pipeline facilities for the transportation of the proposed volumes to be imported and stated it would submit quarterly reports detailing each import transaction.

NARCo, a Montana corporation with its principal place of business in Butte, Montana, is engaged in the exploration, production, and marketing of natural gas and oil. NARCo maintains that the blanket authorization requested would allow it to import competitively priced natural gas from a variety of Canadian suppliers a short-term or spot market basis at competitive prices.

A notice of the application was issued on April 23, 1991, inviting protests, motions to intervene, notices of intervention, and comments to be filed by May 29, 1991.<sup>1/</sup> No comments or motions to intervene were received.

### II. Decision

The application filed by NARCo 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 must be authorized unless there is a finding that it "will not be consistent with the public interest."<sup>2/</sup> This determination is guided by DOE's natural gas import policy guidelines.<sup>3/</sup> Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.

NARCo's uncontested proposal for the importation of natural gas, as set forth in the application, is consistent with section 3 of the NGA and the DOE's international gas trade policy. The import authorization sought, similar to other blanket arrangements approved by DOE,<sup>4/</sup> would provide NARCo with blanket approval, within prescribed limits, to negotiate and transact individual, spot and short-term purchase arrangements without further regulatory action. The fact that each purchase will be voluntarily negotiated and competitively priced, as asserted in NARCo's application, provides assurance that the transactions will be competitive with other natural gas supplies available to NARCo.

After taking into consideration all of the information in the record of this proceeding, I find that granting NARCo blanket authorization to import up to 10.95 Bcf of Canadian natural gas over a two-year term, under contracts with terms of two years or less, beginning on the date of delivery, is not inconsistent with the public interest.<sup>5/</sup>

ORDER

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

A. North American Resources Company (NARCo) is authorized to import up to 10.95 Bcf of Canadian natural gas over a two-year term 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. Within two weeks after deliveries begin, NARCo 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.

D. With respect to the imports authorized by this Order, NARCo shall file within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas have been made, and if so, giving, by month, the total volume of the imports per Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each import transaction, including the names of the seller(s), and the purchaser(s), estimated or actual duration of the agreement(s), transporter(s), points of entry, and, if applicable, the per unit (MMBtu) demand/commodity charge breakdown of the price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions.

Issued in Washington, D.C., on June 24, 1991.

--Footnotes--

1/ 56 FR 19647, April 29, 1991.

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

3/ 49 FR 6684, February 22, 1984.

4/ See, e.g., Hadson Gas Systems, Inc., 1 FE Para. 70,442 (April 26, 1991); Chippewa Gas Corporation, 1 FE Para. 70,441 (April 24, 1991); JMC Fuel Services, Inc., 1 FE Para. 70,434 (March 28, 1991).

5/ Because the proposed importation of gas will use existing facilities, DOE has determined that granting this application 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 therefore an environmental impact statement or environmental assessment is not required. See 40 CFR Sec. 1508.4 and 54 FR 12474 (March 27, 1989).