

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

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IGI RESOURCES, INC. ) FE DOCKET NO. 92-59-NG  
\_\_\_\_\_)

ORDER GRANTING BLANKET AUTHORIZATION  
TO IMPORT NATURAL GAS  
FROM CANADA

DOE/FE OPINION AND ORDER NO. 652

\_\_\_\_\_  
  
July 30, 1992  
  
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I. BACKGROUND

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On May 1, 1992, IGI Resources, Inc. (IGI) filed an application with the Office of Fossil Energy (FE) 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 from Canada up to 200 Bcf of natural gas over a two-year term, beginning on the date of first delivery after July 31, 1992, the day IGI's current two-year blanket import authorization expires.<sup>1/</sup>

IGI, an Idaho corporation with its principal place of business in Boise, Idaho, is a wholly-owned subsidiary of Intermountain Industries, Inc. IGI, a marketer of natural gas, intends to continue to import gas from Canada, either for its own account or as agent for others, for sale at competitive prices to industrial end-users and local distribution companies. IGI will use existing facilities to import the proposed volumes and will continue to file reports with FE within 30 days after the end of each calendar quarter giving the details of individual transactions.

In support of its import request, IGI states that the gas will be purchased under short-term contracts which will be negotiated in response to market conditions. IGI asserts that its import proposal is consistent with DOE's policy

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1/ See DOE/FE Opinion and Order No. 415, 1 FE 70,341

(July 31, 1990).

guidelines<sup>2/</sup> for imported natural gas and is not inconsistent  
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with the public interest.

A notice of the application was published in the Federal  
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Register on June 17, 1992, inviting protests, motions to  
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intervene, notices of intervention and comments to be filed by  
July 17, 1992.<sup>3/</sup> A motion to intervene without comment was  
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received from Northwest Pipeline Corporation.

## II. DECISION

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The application filed by IGI 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>4/</sup> This determination is  
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directed by 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.

IGI's uncontested import proposal, as set forth in the  
application, is consistent with section 3 of the NGA and DOE's  
natural gas import policy guidelines. This import authorization  
will provide IGI with blanket approval, within prescribed limits,  
to negotiate and transact individual, spot and short-term import  
arrangements without further regulatory action. Under IGI's  
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- 2/ 49 F.R. 6684 (February 22, 1984). \_
- 3/ 57 F.R. 27042. \_
- 4/ 15 U.S.C. 717b. \_

import proposal, transactions will only occur when producers and sellers can provide spot or short-term volumes, customers need such import volumes, and prices remain competitive. Therefore, IGI's import proposal, which is similar to other blanket import proposals approved by DOE,<sup>5/</sup> will further the Secretary of Energy's policy goal to reduce trade barriers by encouraging competition between U.S. and Canadian gas suppliers and purchasers.

After considering all of the information in the record of this proceeding, I find that authorizing IGI to import from Canada up to 200 Bcf of natural gas over a two year term, under contracts with terms of two years or less, beginning on the date of first delivery after July 31, 1992, is not inconsistent with the public interest.<sup>6/</sup>

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5/ See e.g., Amoco Canada Marketing Corporation, 1 FE 70,594 (June 12, 1992); CU Energy Marketing Inc., 1 FE 70,596 (June 12, 1992); and Universal Resources Corporation, 1 FE 70,588 (June 2, 1992).

6/ Because the proposed import/export of gas will use existing 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. 4321 et seq.); therefore,

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an environmental impact statement or an environmental assessment  
is not required. See 40 C.F.R. 1508.4 and 54 F.R. 15122 (April

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24, 1992).

## ORDER

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

A. IGI Resources, Inc. (IGI) is authorized to import from Canada up to 200 Bcf of natural gas over a two-year term, beginning on the date of first delivery after July 31, 1992.

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

C. Within two weeks after deliveries begin, IGI 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 natural gas imports authorized by this order, IGI shall file within 30 days following each calendar quarter, quarterly reports indicating whether imports have been made. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, IGI must report monthly total volumes in Mcf, and the average price per MMBtu at the international border. The reports shall also provide the details of each transaction, including (1) the names of the seller(s); (2) the names of the purchaser(s), including those other than IGI; (3) the estimated or actual duration of the agreements; (4) the names of the transporter(s);



(5) the point(s) of entry; (6) the geographic markets served; and, if applicable, (7) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price, any special contract price adjustments clauses, and any take-or-pay or make-up provisions. Failure to file quarterly reports may result in termination of this authorization.

E. The first quarterly report required by Ordering Paragraph D is due no later than October 30, 1992, and should cover the period from August 1, 1992, until the end of the current calendar quarter, September 30, 1992.

F. The motion to intervene filed by Northwest Pipelines Corporation, as set forth in this Opinion and 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 might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., on July 30, 1992.

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Charles F. Vacek  
Deputy Assistant Secretary  
for Fuels Programs  
Office of Fossil Energy