

approximately \$17,400 to construct the facilities. ANR commenced transportation on November 26, 1985.

The oral transportation agreement with ANR Pipeline Company, the expenditures by Trinity in reliance thereon prior to October 9, 1985, and the execution of the written contract on October 8, 1985, qualifies Trinity for waiver.

Creole Gas Pipeline Corporation

On July 29, 1985, Creole agreed to sell gas to Central Louisiana Electric Company (CLECO). Creole and Tennessee Gas Pipeline Company agreed to amend an existing NCPA section 311 transportation agreement to add a delivery point with Louisiana Intrastate Gas Corporation (LIG) near Pleasant Hill, Louisiana, in order to deliver the gas to CLECO. The amendment was not executed until after October 9, 1985.

On September 27, 1985, Creole entered into a written agreement with LIG whereby LIG agreed to transport gas from the Pleasant Hill delivery point to CLECO. Creole commenced the construction of a pipeline to connect LIG's system to CLECO's facilities on August 25, 1985. Construction was completed on October 9 at a cost of \$408,000. Further, Creole is obligated to reimburse Tennessee and LIG \$65,000 for the construction of the Pleasant Hill delivery point.

The revised standard is met because substantial construction occurred prior to October 9, 1985, in reliance on the sales agreement and Creole's oral amendment to the transportation agreement with Tennessee, and because Creole's written transportation agreement with LIG was executed prior to October 9, 1985. The waiver request is granted. Continued transportation by Tennessee and LIG is authorized.

Archer-Daniels-Midland Company

On April 8 and 14, 1986, Archer-Daniels-Midland (ADM), a high priority end-user, filed two separate requests for waiver in order to permit the transportation of gas to its processing facilities in Peoria, Illinois and Mexico, Missouri. On May 15, 1986, an order was issued¹³ denying both requests on the basis that ADM did not meet the CLARCO standard. In light of our modification of that standard, and on consideration of additional information submitted by ADM, we reconsider our earlier decision.

¹³ Regulation of Natural Gas After Partial Wellhead Decontrol (Archer-Daniels-Midland Company), 35 FERC ¶ 61,190 (issued May 15, 1986).

On September 15, 1984 and March 18, 1985, ADM entered into transportation agreements with Panhandle Eastern Pipe Line Company for its transportation of gas under § 157.209(a)(1)(A) to ADM's designated facilities. Both transportation agreements were scheduled to terminate on March 15, 1986.

On June 24, 1985, ADM entered into a gas purchase agreement with Quivira Gas Company for the purchase of up to 15,000 MMBtu per day of gas designated for use at four of ADM's facilities, including those in Peoria and Mexico. The Gas purchase contract stated that the gas would be routed through Natural Gas Pipeline Company's system and then into Panhandle's system for ultimate delivery to ADM. The gas purchase agreement is on a month-to-month basis and is still in effect.

On August 24, 1985, ADM entered into a similar gas purchase agreement with Petro Source Energy for the purchase of 10,000 MMBtu per day of gas for use at the Peoria and Mexico facilities, with transportation to be arranged through Panhandle's system. This agreement also is on a month-to-month basis and remains in effect.

Prior to October 9, 1985, ADM expended approximately \$2,725,000 on its Peoria facility and \$75,000 on its Mexico facility in reliance on its gas purchase agreements with Quivira and Petro Source Energy, and the continuance of its corresponding transportation agreements with Panhandle. On September 16, 1985, ADM was assured in writing by Panhandle that its transportation agreements would be extended. However, written contracts to extend the term of the agreements for an additional five years were not executed until October 22, 1985. ADM states that, absent a waiver, it will be forced to purchase gas at prices so high as to prohibit its production of a competitively priced product, which may result in the shutting down of both of its plants and the laying-off of 169 employees.

ADM entered into the written gas purchase agreements prior to October 9, 1985, and in reliance thereon expended substantial funds on construction prior to that date. These facts satisfy the revised standard. We therefore reverse our May 15, 1986 order. ADM's requests for waiver are granted.

Hamilton Brothers Oil Company

Hamilton is the producer of three wells located in Oklahoma. On September 5, 1985, it entered into a written gas purchase contract with Consolidated Fuel Supply, Inc., whereby Hamilton agreed to sell the gas from the

three wells to Consolidated for ultimate delivery by Panhandle Eastern Pipe Line Company and Central Illinois Light Company to high priority and other end-users. Separate transportation agreements for high priority end-use were entered into before October 9, 1985, and have been provided to the Commission. These agreements were with Memorial Medical Center, the Board of Education of the City of Peoria, and the Sisters of the Third Order of St. Francis. Panhandle verbally assured Hamilton that receipt points would be added to certain earlier transportation agreements to facilitate sale of the gas to Consolidated. However, Panhandle did not amend the transportation agreements to add the necessary receipt points until October 11, 1985.

Prior to October 9, 1985, and in reliance on its contract with Consolidated, Hamilton expended and committed approximately \$242,000, mainly for drilling work on one of the wells and a new meter.

Hamilton meets the revised standard because it entered into the written sales agreement with Consolidated prior to October 9, 1985, and expended significant funds in reliance on that agreement before that date. Accordingly, Hamilton's request for waiver is granted to the extent Consolidated delivers the gas only to these high priority end-users.¹⁴

Moody Gas Gathering System

Moody, a gatherer, is a joint venture consisting of Reliance Pipeline Company and Ward Petroleum Corporation. On February 15, 1985, Reliance entered into a written agreement with Ward under which Reliance agreed to construct and operate a gathering system in order to connect certain of Ward's wells in Dewey County, Oklahoma. On April 4, 1985, Reliance agreed to purchase the production from Ward's wells. The gas is under written contract to be delivered to ANR Pipeline Company. ANR, in turn, has contracted to redeliver equivalent volumes to Northern Natural Gas Company for the supply of Peoples Natural Gas Company.

Between March 14 and April 15, 1985, Reliance purchased Right-of-way for the gathering system. On June 11, 1985, it commenced constructing the system. The construction, except for a tap with ANR, was completed on June 28, 1985, at an approximate cost of \$114,600.

¹⁴ See Regulation of Natural Gas Pipeline After Partial Wellhead Decontrol (Natural Gas Pipeline Company of America), Docket No. RM85-1-000, 35 FERC ¶ 61,264, issued June 2, 1986.