

[20473003]

“ This is a pre-emptive strike by Foothills , ” said Rick Hillary , natural gas manager of the Calgary-based Independent Petroleum Association of Canada , an industry group .

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At least two rival applications are expected to emerge in coming months , including one from TransCanada PipeLines Ltd. , Canada ’s largest natural gas pipeline operator .

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Foothills ’ main rival to build a Mackenzie Delta pipeline is likely to be TransCanada PipeLines .

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The Toronto-based company , together with Tenneco Inc. of Houston , has had an incomplete proposal filed with Canadian regulators since 1984 that it is now updating .

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Industry sources said they expect a fierce battle to emerge between TransCanada , which has a monopoly on Canadian gas transportation east of Alberta , and Nova and Westcoast , which control the pipelines within and running west of Alberta , respectively .

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“ This is virgin territory , unclaimed , and it ’s going to be nasty . ” said one observer , who asked not to be named .

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“ Neither is going to back down easily . ”

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TransCanada declined to comment on the Foothills application .

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But last week Gerald Maier , president and chief executive officer of TransCanada , said the company “ intends to be a party to any transportation system that goes up there ” and that it would consider joint ventures with other players to ensure it has a role .

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A number of issues still need to be resolved before Canadian regulators give any project the final go-ahead .

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First , the price of natural gas will have to almost double .

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Kent Jespersen , president of Foothills , said the company believes the project would be viable if gas prices reach US\$ 3.25 a thousand cubic feet by 1995 , in current dollars , up from a current spot price of about US\$ 1.50 .

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U.S. gas buyers must also decide whether they want to enter firm contracts for Mackenzie delta gas or develop Alaskan reserves in the Prudhoe Bay area first , a project that has been on hold for more than a decade .

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Robert Pierce , chairman and chief executive of Foothills , said it 's too early to say whether Alaskan or Mackenzie delta gas would flow to market first .

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But Foothills said it plans to seek regulatory approval to build an alternative line , the Alaska Natural Gas Transportation System further north toward Alaska .

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If that option is favored by gas buyers and regulators , Foothills said it would build another smaller pipeline connecting Mackenzie Delta reserves to the Alaska mainline .

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It 's also likely that regulators will try to forge some kind of consensus between the would-be pipeline builders before undertaking any hearings into rival projects .

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Douglas Stoneman , vice president of Shell Canada , noted that producers would prefer to avoid hearings into competing proposals that would lengthen the regulatory review process and bog down development .

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Interprovincial Pipe Line Co. , an oil pipeline operator rumored to be mulling a gas pipeline proposal of its own , said that ev-w218f7\_u\_nobody 's n't in the cards .

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Instead , Richard Haskayne , president and chief executive of Interprovincial 's Calgary-based parent , Interhome Energy Inc. , said the company would prefer to work with other " interested parties " on a joint proposal .

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As for Foothills ' pre-emptive bid , Mr. Haskayne said " If they think it gives them some kind of priority position , well , that 's their strategy .