

**BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

**OCT 07 2013**

In the Matter of the Complaint of SWKI-Seward )  
West Central, Inc., and SWKI-Stevens Southeast, )  
Inc. Against Anadarko Natural Gas Company. )

by  
State Corporation Commission  
of Kansas  
Docket No. 14-ANGG-119-COM

**ANADARKO NATURAL GAS COMPANY'S  
MOTION TO DISMISS AND ANSWER TO COMPLAINT**

Anadarko Natural Gas Company ("ANGC" or "Company") hereby submits its Motion to Dismiss and, in the alternative, Answer to the Complaint of SWKI-Stevens Southeast, Inc. ("SWKI-SE") and SWKI-Seward West Central, Inc. ("SWKI-SWC") (collectively, "SWKI") served on ANGC in the above captioned-proceeding on September 25, 2013.

**I. Introduction**

ANGC has provided SWKI-SE and SWKI-SWC with natural gas service pursuant to two customer-specific, arms-length, and freely negotiated Gas Sales Agreements for over fifteen and eleven years, respectively. The contract rate for SWKI-SE natural gas service under its Gas Sales Agreement has been \$0.50 per MMBtu, and has not changed over the life of the Agreement.<sup>1</sup> Likewise, the contract rate for SWKI-SWC gas service under its Gas Sales Agreement has been \$0.50 per MMBtu, and has not changed over the life of the Agreement.<sup>2</sup> At no time has SWKI-SE or SWKI-SWC complained to ANGC or the Kansas Corporation Commission ("KCC" or "Commission") regarding any aspect of ANGC's gas service—including the SWKI contract price (rate).<sup>3</sup>

SWKI's Complaint was filed during the pendency of KCC Docket No. 13-BHCG-509-ACQ ("509 Docket"). During discovery in the 509 Docket, ANGC disclosed all customer-specific, privately negotiated contract rates—including those of SWKI-SE and SWKI-SWC—to

<sup>1</sup> Exhibit 1, at 4.

<sup>2</sup> Exhibit 2, at 4.

<sup>3</sup> *Staff Report and Recommendation*, Docket No. 13-BHCG-509-ACQ, July 11, 2013, at 4.

customers on the Company's Hugoton Residue Delivery System ("HRDS"). The KCC Staff's Report and Recommendation ("R&R"), filed in the 509 Docket, stated that Staff was "unable to locate any Commission Orders approving contracts for six of the customers listed in Exhibit 1 of the Application."<sup>4</sup> In apparent sole reliance on Staff's statement, SWKI filed the instant Complaint claiming that it has now calculated "cost-based rates" that SWKI could or should have been charged for gas service on the HRDS.<sup>5</sup> ANGC has never had "cost-based rates" for any of its sales to SWKI-SE or SWKI-SWC. Incredibly, SWKI contends that the KCC should retroactively reprice service of natural gas that was provided, used, and paid for, over a period of fifteen years. There is absolutely no basis in fact or law for such a radical contention.

In its Complaint, SWKI requests a "Commission Order finding that any and all rates charged by ANGC in excess of the latest, lawfully established, Commission-approved rate are unlawful, void, and subject to refund, with interest."<sup>6</sup>

SWKI-SE and SWKI-SWC, which are managed by sophisticated commercial managers with multi-million dollar commercial operations, freely negotiated these arms length contracts. SWKI agrees that ANGC has charged SWKI the exact rate included in each SWKI contract at all times. SWKI makes no claim whatsoever that ANGC has not precisely met each and every term of the subject agreements.

Essentially, SWKI attempts to bootstrap the language included in Staff's R&R to "reprice" fifteen years of contract gas sales. These sales have been made pursuant to freely

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<sup>4</sup> *Staff Report and Recommendation*, Docket No. 13-BHCG-509-ACQ, July 11, 2013, at 4. The Staff's Report and Recommendation did not say the ANGC customer contracts were not filed. Staff later located the 1998 Gas Sales Agreement of SWKI-SE in its files, and is continuing to search for other filed contracts.

<sup>5</sup> These purported calculations were not provided in the SWKI Complaint. ANGC notes that such calculations, even though meaningless and unlawful as applied to ANGC, would be, of necessity, wholly incorrect. As noted by Staff witness John Bell, far more information would be needed to reasonably calculate a cost-based rate for ANGC over the entire fifteen years covered by the Complaint. The SWKI contentions in this regard are incomplete, incorrect, and wholly inapplicable.

<sup>6</sup> *Complaint*, Docket No. 14-ANGG-119-COM, Aug. 27, 2013, at 6. The SWKI Complaint does not specify the rate SWKI claims it should have been charged for gas service instead of the contract rate.

negotiated, private contracts for fifteen years and without complaint by SWKI. There is no legal or factual basis for the SWKI contentions.

## II. Factual Background

1. Anadarko provides natural gas service via the HRDS pursuant to a customer-specific, contract-specific Limited Certificate. This Limited Certificate was first granted to Anadarko's predecessor company, Anadarko Gathering Company, on September 20, 1994, in KCC Docket No. 191,218-U.

### a. 1998 SWKI-SE Gas Sales Agreement:

2. Anadarko Energy Services Company ("AESC") and SWKI-SE entered into a Gas Sales Agreement on July 1, 1998 ("1998 Agreement"). The freely negotiated rate for delivery of natural gas pursuant to the 1998 Agreement was \$0.50 per MMBtu. The term of the 1998 Agreement was month-to-month, and either party could terminate the Agreement upon thirty day prior notice. In addition, the parties agreed that all gas would be delivered to "[t]he outlet side of Anadarko Gathering Company's ("AGC") Meter #033374, located on *AGC's 16-inch gathering line*."<sup>7</sup> In Kansas, sales from gathering systems are not—and have never been—KCC jurisdictional.<sup>8</sup> The 1998 Agreement is still in effect, and the terms of the 1998 Agreement—including the contract rate—have not changed.

3. The parties to the 1998 Agreement permitted full review of compliance with all provisions of the Agreement, and estopped and time barred all claims beyond two years. Hence, the "books were closed" on matters that were more than two years prior. Article 6.3 of the 1998 Agreement provided that:

Each party shall have the right, at all reasonable times and upon reasonable prior written notice, to examine the books, records and

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<sup>7</sup> Exhibit 1, at 16 (emphasis added).

<sup>8</sup> See K.S.A. 66-2102.

charts of the other party to the extent necessary to verify the accuracy of any statement, charge, computation, or payment made pursuant to the provisions of this Agreement . . . . If any such examination reveals any inaccuracy in any payment therefore made, the necessary adjustment in such payment shall be made, provided that *no adjustment for any payment made shall be made, and payments shall be considered final, after the lapse of two (2) years from the rendition thereof*, except to the extent that either party has noted a specific exception to the other party in writing during that period.<sup>9</sup>

4. In addition, the parties to the 1998 Agreement, in Article 13.1, agreed to require the arbitration of any disputes “arising out of or relating to” the 1998 Agreement. Specifically, Article 13.1 states:

*Any dispute arising out of or relating to this Agreement or the breach, termination, or validity thereof, shall be finally settled by arbitration* conducted expeditiously in accordance with the Center for Public Resources Rules for Non-Administered Arbitration of Business disputes by three independent and impartial arbitrators, of whom each party shall appoint one. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. Section 1-16, . . . and judgment upon award rendered by the arbitrators may be entered by any court having jurisdiction thereof. *The place of arbitration shall be in Houston, Texas.* The arbitrators shall not be empowered to award incidental, consequential, indirect, special, punitive or exemplary damages, and each party hereby irrevocably waives any damages other than actual direct damages.

**b. *Transfer and Filing of the 1998 Agreement:***

5. On September 28, 1999, Anadarko Gathering Company (“AGC”) and Anadarko Natural Gas Company filed a Joint Application in KCC Docket No. 00-ANGG-218-COC. AGC requested the Commission approve the transfer to ANGCO of its Limited Certificate (issued on September 20, 1994, in Docket No. 191,218-U) and service to all of its Certificated customers. The AGC-ANGCO Joint Application affirmed that the AGC customer-specific list from Docket No. 191,218-U was the list of customers being served by the HRDS.

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<sup>9</sup> Exhibit 1, at 6 (emphasis added).

6. On May 19, 2000, the Commission issued an Order and Certificate in Docket No. 00-ANGG-218-COC granting the Joint Application and approving the transfer of AGC's Limited Certificate. The Commission Order transferred the existing HRDS customer-specific certificates (including the 1998 Agreement) from AGC to ANGC stating, in relevant part:

Natural gas service provided by Anadarko Natural Gas Company under the Limited Certificate shall be *customer specific pursuant to the transferred Contract Rate Schedules* and, *except for such Contract Rate Schedules*, the rates of Anadarko Gathering Company are hereby cancelled.<sup>10</sup>

The Commission's Order went on to state:

If at *any future time* gas service is *no longer being provided or requested*, the corresponding Contract Rate Schedules may be cancelled on a case-by-case basis, upon review and concurrence by Staff.

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In connection with providing gas service to *future customers*, Anadarko Natural Gas Company shall file all Customer Specific Certificates and Contract Rate Schedules for review and approval of the Commission *consistent with applicable Kansas statutes and regulations*.<sup>11</sup>

7. On August 3, 2000, in response to and in accordance with the 2000 Order and Certificate issued in Docket No. 00-ANGG-218-COC, ANGC submitted for filing with the KCC gas service contracts "pertaining to certain sales of gas by ANGC . . . and from points previously served by Anadarko Gathering Company under its Limited Certificate" on the HRDS.<sup>12</sup> Prior to 1999, ANGC reconfigured its pipeline system into the HRDS in order to provide better quality, residue (dry) gas to customers. The prior delivery point to SWKI-SE, after reconfiguration of the

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<sup>10</sup> *Order and Certificate*, Docket No. 00-ANGG-218-COC, May 19, 2000, at 6 (emphasis added).

<sup>11</sup> *Order and Certificate*, Docket No. 00-ANGG-218-COC, May 19, 2000, at 6-7 (emphasis added). **K.S.A. 66-117(c) provides that "[i]f the Commission does not suspend the proposed schedule within 30 days of the date the same is filed by the public utility or common carrier, such proposed schedule shall be deemed approved by the Commission and shall take effect on the proposed effective date."**

<sup>12</sup> Exhibit 3.

Anadarko system into the HRDS, no longer provided wet, unprocessed gas, but instead provided residue (dry) gas to SWKI-SE.<sup>13</sup>

8. The contracts submitted for filing on August 3, 2000 were enclosed with an Anadarko transmittal letter and a listing of the gas sales points and contracts served by ANGC and AGC—labeled by Anadarko as “Exhibit A”.<sup>14</sup> As noted by Staff Member, Dorothy Myrick on the attached July 9, 2007 fax transmittal sheet, Anadarko’s August 3, 2000 letter included a “copy of Exhibit A, gas sales points received on 8/3/2000. *Total of 43 contracts were submitted with Exhibit A.*”<sup>15</sup> *The 1998 Agreement between AESC and SWKI-SE was submitted with the Anadarko letter and listed on Exhibit A.*<sup>16</sup> The 1998 Agreement with SWKI-SE, pursuant to K.S.A. 66-117, was deemed approved thirty days after it was submitted for filing.

**c. 2002 SWKI-SWC Gas Sales Agreement:**

9. ANGC and SWKI-SWC entered into a Gas Sales Agreement on June 1, 2002 (“2002 Agreement”). The terms of the 2002 Agreement with SWKI-SWC are virtually identical to the 1998 Agreement with SWKI-SE—which was filed with the Commission following Docket No. 00-ANGG-218-COC. Specifically, the negotiated delivery rate of \$0.50 per MMBtu and all associated pricing terms of the 2002 Agreement are identical to the 1998 Agreement.<sup>17</sup> The term, Article 6.3 final payment provision, and Article 13.1 arbitration provision of the 2002 Agreement

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<sup>13</sup> See Transcript of Evidentiary Hearing at 255-56, Docket No. 13-BHCG-509-ACQ. Transcript is attached hereto as Exhibit 4.

<sup>14</sup> Exhibit 3, at 5.

<sup>15</sup> Exhibit 3, at 1 (emphasis added).

<sup>16</sup> Exhibit 3, at 6. Exhibit “A” of the Anadarko transmittal letter also lists the HRDS contracts of Supreme Feeders Co., National Beef, and Utilicorp United (predecessor of Black Hills Energy). Exhibit “A” to the Anadarko transmittal letter notes that these contracts were already on file with the KCC “in connection with the Limited Certificate previously held by Anadarko Gathering Company” and were therefore not enclosed.

<sup>17</sup> See Exhibit 2, at 4.

are also identical to the 1998 Agreement.<sup>18</sup> The 2002 Agreement is still in effect, and the terms of the 2002 Agreement have not changed.

**d. Filing of the 2002 SWKI-SWC Gas Sales Agreement:**

10. On September 21, 2007, ANGC filed an Application with the KCC in Docket No. 08-ANGG-295-CCN (“295 Docket”). The ANGC Application informed the Commission that on August 1, 2007, ANGC agreed to assign “certain but not all KCC jurisdictional natural gas sale/purchase agreements” to Texas-Kansas-Oklahoma Gas, LLC (“TKO”).<sup>19</sup> ANGC attached a list of all HRDS agreements that were to be transferred to TKO to its Application in the 295 Docket.<sup>20</sup> ANGC also submitted to the KCC Staff copies and a listing of the HRDS natural gas sale/purchase agreements that would be retained by ANGC.<sup>21</sup> ANGC’s submission included both the 1998 Agreement with SWKI-SE and the 2002 Agreement with SWKI-SWC. ANGC had previously filed the 2002 Agreement with the KCC.<sup>22</sup> The 2002 Agreement was approved thirty days after filing, pursuant to K.S.A. 66-117.

11. On October 15, 2007, SWKI petitioned to intervene in the 295 Docket. In its petition, SWKI requested the Commission consolidate the 295 Docket with Docket No. 08-TKOG-314-COC. The SWKI intervention petition stated that SWKI and many of its members were ANGC customers.<sup>23</sup> Similarly, SWKI’s Petition to Intervene in Docket No. 08-TKOG-314-COC, SWKI stated:

**7. The SWKIA members affected by the Anadarko and TKO Gas filings, several of which are listed on the Exhibit A to both filings, currently receive their natural gas service from a public utility, Anadarko. By receiving service from a public**

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<sup>18</sup> See Exhibit 2, at 5-6, 12.

<sup>19</sup> Application, Docket No. 08-ANGG-295-CCN, Sept. 21, 2007, at 3.

<sup>20</sup> See Exhibit 5.

<sup>21</sup> See Exhibit 5.

<sup>22</sup> See Exhibit 5.

<sup>23</sup> Petition to Intervene and Motion for Consolidation of Dockets by the Southwest Kansas Irrigation Association, Docket No. 08-ANGG-295-CCN, Oct. 15, 2007, at 3-4.

utility, *these persons enjoy the regulatory oversight that the Commission provides, and can be assured that the service they receive is on fair and equitable terms.*<sup>24</sup>

12. On February 27, 2008, the Commission consolidated Docket Nos. 08-ANGG-295-CCN and 08-TKOG-314-COC (the “TKO Docket”). The following year, on February 12, 2009, the KCC Staff filed its Staff Memorandum in the TKO Docket. The Staff’s Memorandum acknowledged that the contracts for each ANGC customer—since 1999—were filed with the KCC, at stated:

In September of 1999, Anadarko was granted a limited certificate by the Kansas Corporation Commission to provide natural gas service to customers connected to its natural gas transmission system. The certificate was limited to serving a defined list of customers according to the terms and conditions included in a natural gas sale/purchase contract. *The gas sales contract for each customer is filed with the Commission.*<sup>25</sup>

The 1999 Limited Certificate, as transferred to ANGC in Docket No. 00-ANGG-218-COC, was the Certificate in continual existence between 1999 and 2013.

e. ***KCC Docket No. 13-BHCG-509-ACQ:***

13. On February 11, 2013, ANGC and Black Hills Energy (“Black Hills”) filed a Joint Application in KCC Docket No. 13-BHCG-509-ACQ. The Joint Application requested a Commission order approving the sale of all ANGC HRDS assets located east of the city of Hugoton, Kansas, from ANGC to Black Hills. The Joint Application also requested the Commission approve the transfer to Black Hills of all ANGC customer-specific and contract-specific certificates associated with ANGC’s HRDS natural gas service east of Hugoton, Kansas.

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<sup>24</sup> *Petition to Intervene and Motion for Consolidation of Dockets By the Southwest Kansas Irrigation Association*, Docket No. 08-TKOG-314-COC, Oct. 15, 2007, at 3 (emphasis added).

<sup>25</sup> *Staff Memorandum*, Consolidated Docket Nos. 08-ANGG-295-CCN and 08-TKOG-314-COC, Feb. 12, 2009, at 1 (emphasis added).



14. The 1998 Agreement and 2002 Agreement are among the customer-specific and contract-specific certificates that were subject to transfer. The Commission approval of the transfer of the 1998 and 2002 Agreements effected a moderate increase in the SWKI delivery rate of \$0.50 per MMBtu—which SWKI-SE and SWKI-SWC has enjoyed for fifteen and eleven years, respectively—to the moderately higher, KCC approved Black Hills tariff rate.

15. In its Report and Recommendation filed on July 11, 2013, the KCC Staff stated that “[o]ther than the Commission Order authorizing ANGC to serve BHE for the City of Liberal, Staff is unable to locate any Orders approving the gas sales contracts for the customers listed in Exhibit 1 of the Application.”<sup>26</sup> ***Importantly, Staff did not state that ANGC had not filed any agreements, or that any filed agreements were not approved by the KCC thirty days after filing.*** Staff’s Report continued by noting that “[i]n April of 2010, the Commission approved the sale of 55 of the ANGC customer specific contracts to Texas-Kansas-Oklahoma Gas, LLC (TKO) that were originally Certificated in the 191,218-U Docket.”<sup>27</sup> ***The Report and Recommendation did not address the contracts that Anadarko retained after completion of the TKO Docket or state that any ANGC gas sale contracts had not been filed by ANGC and approved by the Commission.***

16. The Staff’s Report and Recommendation in Docket No. 13-BHCG-509-ACQ, further stated that:

***Staff has obtained copies of the gas sales contracts for the seven customers listed in Exhibit 1 of the Application.*** The contract execution dates range from 1999 to 2008 . . . . As mentioned earlier, ***all contracts are signed by the customer and Staff has no***

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<sup>26</sup> Staff Report and Recommendation, KCC Docket No. 13-BHCG-509-ACQ, July 11, 2013, at 3.

<sup>27</sup> Staff Report and Recommendation, KCC Docket No. 13-BHCG-509-ACQ, July 11, 2013, at 3 (citing Docket No. 08-TKOG-31-COC and its companion Docket No. 08-ANGG-295-CCN).

*record of a complaint being filed against ANGC regarding these customers.*"<sup>28</sup>

17. SWKI filed the instant Complaint on August 27, 2013. SWKI cited the Staff's inability to locate prior Commission orders approving the ANGC HRDS gas sales contracts with SWKI as the sole basis for its Complaint.

f. *Staff Testimony During Docket No. 13-BHCG-509-ACQ:*

18. Contrary to Staff's Report and Recommendation, Staff witness Leo Haynos testified at hearing in the 509 Docket, that Staff did in fact have the 1998 SWKI-SE Agreement in Staff's files prior to submission of the ANGC-Black Hills Joint Application. Specifically, Mr. Haynos testified, in response to SWKI cross examination, as follows:

Q. In particular I draw your attention to the paragraph that starts customer specific certificates were first granted. And my question there is does the Commission have filed with it any customer specific contracts by Anadarko in its files?

Mr. Haynos: In the files I've seen, I have only found two in Staff's files. *There may be that I am unaware of. We had a document that we received as of Wednesday this week that indicated we did have more*, and I think Mr. Zakoura has included that in his package of information. *So at one time many of these contracts were made available to Staff as of this - - I think the date on that letter was like 2000?*

Q. Okay. But were those contracts filed with the Commission for approval?

Mr. Haynos: *They were filed with the Commission Staff as far as I could tell from the letter.* That's all I have right now at this time.

Q. Do you have a copy of the contracts that were filed?

Mr. Haynos: I've not seen them yet. We just received this notice that there were additional contracts - - that additional

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<sup>28</sup> *Id.*, at 3-4 (emphasis added). It should be noted that ANGC, in its response to Staff Information Request No. 12, provided Staff with copies of all HRDS customer contracts, including the 1998 Agreement and the 2002 Agreement. The 1998 Agreement was executed on July 1st of 1998, not in 1999, as indicated by Staff's Report.

contracts had been delivered to Staff on Wednesday this week. *So I have not researched the files to see where they may be. At this time the only thing I can see of the customers that we have in this case, there's one for - - in our files for Stevens Southeast, SWKI-Stevens Southeast.* There is one for Anadarko Energy Services Company with Anadarko Natural Gas Company. And there's one old docket reference that I assume is in our docket files in microfilm where the gas delivery contract with Peoples or Black Hills.

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Mr. Haynos: That's right. *Staff has a copy of the SWKI-Stevens Southeast in its file.* There is no correspondence with it. *There is a copy of a contract there from 1998.*<sup>29</sup>

19. ANGC counsel also questioned Mr. Haynos regarding the 1998 SWKI-SE Agreement in Staff's files and ANGC's August 3, 2000 filing of its gas sales agreements.<sup>30</sup> Mr. Haynos testified, in relevant part, as follows:

Q. I believe, Mr. Haynos, *you indicated in your testimony just previously with Mr. Caro that you were . . . that you have a copy of the SWKI-Southeast contract in your files?*

Mr. Haynos: *I have a copy of the SWKI-Stevens Southeast, correct.*

Q. And that's the contract that we had talked about that was entered into in 1998, is that correct?

Mr. Haynos: Yes.

Q. And I believe if I remember correctly, that was Exhibit 8 that was introduced by Mr. Flaherty yesterday. Now, you also indicated that I had provided you - - I don't know if you said I - - but you had been provided with a document that indicated there were additional contracts in the file of the Commission, is that correct?

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<sup>29</sup> See Transcript of Evidentiary Hearing at 498-500, Docket No. 13-BHCG-509-ACQ. Transcript is attached hereto as Exhibit 6.

<sup>30</sup> See Exhibit 3.

Mr. Haynos: Yes. I received that Monday morning of this week.

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Q. This in fact carries with it, does it not, at the top a fax number from the utilities number at the Commission?

Mr. Haynos: Yes, it does.

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Mr. Haynos: Yes, *I see the comment made by Dorothy Myrick, who is a former Staff member of the KCC, where she says it includes a copy of Exhibit A, gas sales points received on August 3, 2000.*

Q. I'm not going to ask you questions about the exhibit. But this is what you referred to in your testimony, and this is what you indicated might suggest to you that there were other contracts filed at the Commission in that time period?

Mr. Haynos: *There were contracts filed with Staff, yes. This is the beginning of some work we have to do to pour over where all these are.*<sup>31</sup>

20. On September 25, 2013, ANGCG was served with the Complaint by the KCC.

### III. Motion to Dismiss Complaint

21. ANGCG respectfully moves the Commission to dismiss the instant Complaint. As filed, the SWKI Complaint presents the KCC with an incomplete and inaccurate history of ANGCG's Limited Certificate and compliance thereunder. SWKI engaged in no factual research or due diligence of any type prior to filing its specious Complaint. Even when facts have come forward that directly refute elements of the Complaint, SWKI has failed to amend its Complaint to reflect facts. SWKI intentionally misconstrues and then inappropriately relies only upon the initial Report and Recommendation filed by the KCC Staff in Docket No. 13-BHCG-509-ACQ.

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<sup>31</sup> See Transcript of Evidentiary Hearing at 519-21, Docket No. 13-BHCG-509-ACQ. Transcript is attached hereto as Exhibit 7.

When all relevant facts are examined, the SWKI Complaint fails to state a valid claim upon which the Commission may grant relief.<sup>32</sup> In addition, SWKI is contractually barred and estopped under both the 1998 Agreement and 2002 Agreement from filing the pending Complaint. Under the terms of each SWKI Gas Sales Agreement, SWKI must arbitrate any dispute arising out of or relating to the 1998 Agreement and 2002 Agreement. Its Complaint must be dismissed.

a. ***The SWKI Complaint fails to state a claim upon which the Commission may grant relief.***

22. The SWKI Complaint fails to state a claim upon which relief may be granted. Contrary to the SWKI Complaint, the 1998 SWKI Gas Sales Agreement—with a delivery rate of \$0.50 per MMBtu—has been filed with the Commission, pursuant to ANGC's Limited Certificate, since August 3, 2000, at the latest.<sup>33</sup> The 1998 Agreement has been approved by the KCC, pursuant to K.S.A. 66-117, for thirteen years.

23. By transmittal letter dated August 3, 2000, ANGC in-house counsel filed with KCC Staff Member Gary W. Dawdy, of the KCC Utilities Division, copies of all HRDS gas sales agreements of ANGC and Anadarko Gathering Company. These agreements, which were forwarded for filing, were transferred to ANGC pursuant to the Commission's Order in Certificate in Docket No. 00-ANGG-218-COC. ANGC's transmittal letter specifically stated:

***In accordance with the Order and Certificate issued on May 19, 2000 in [Docket No. 00-ANGG-218-COC], Anadarko Natural Gas Company ("ANGC") hereby submits for filing with the Kansas Corporation Commission the enclosed gas service contracts (the "Contracts") pertaining to certain sales of gas by ANGC from the Hugoton Residue Delivery System ("HRDS") and from points previously served by Anadarko Gathering Company under its***

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<sup>32</sup> K.S.A. 60-212(b)(6).

<sup>33</sup> See Exhibit 3.

Limited Certificate, which service has now been assumed by ANGC.<sup>34</sup>

24. The 1998 Agreement between AESC and SWKI-SE (Meter No. 33374) was listed under the “Small Commercial Sales” category on ANGC’s Exhibit “A” and was attached to ANGC’s August 3, 2000 filing letter.<sup>35</sup> Accordingly, the 1998 SWKI-SE Gas Sales Agreement was filed with the Commission, pursuant to the terms of ANGC’s Limited Certificate issued in KCC Docket No. 00-ANGG-218-COC.<sup>36</sup> This was confirmed by KCC Staff witness Leo Haynos during cross examination in Docket No. 13-BHCG-509-ACQ.<sup>37</sup> The 1998 Agreement was approved, by operation of law, thirty days subsequent to filing, pursuant to K.S.A. 66-117.

25. Special note must be made of the fact that the 1998 Agreement was not, and could not be KCC jurisdictional at the time of its execution—since the delivery point was located on a gathering system. The 1998 Agreement was not, and could not become KCC jurisdictional until after the HRDS was configured in 1999-2000.

26. The Order and Certificate issued on May 19, 2000, in Docket No. 00-ANGG-218-COC provided that, “[i]n connection with providing gas service to *future customers*, Anadarko Natural Gas Company shall file all Customer Specific Certificates and Contract Rate Schedules for review and approval of the Commission.”<sup>38</sup>

27. The 1998 Agreement between AESC and SWKI-Stevens-SE, Inc. was executed on July 1, 1998—nearly two years before the Commission issued the above Order in Docket No. 00-ANGG-218-COC. SWKI-SE was in no way a “future customer” of ANGC, and its 1998 Gas Sales Agreement did not require separate review and formal approval by the Commission under

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<sup>34</sup> Exhibit 3, at 3.

<sup>35</sup> See Exhibit 3, at 6. In addition to SWKI, other current HRDS customers are listed in Exhibit 3 including: Supreme Feeders, National Beef, and Utilicorp United (now, Black Hills).

<sup>36</sup> See *S&T Tel. Coop. Ass’n, Inc. v. State Corp Comm’n*, 48 Kan.App.2d 290, syl. 2 (Kan. App. 2012).

<sup>37</sup> See Exhibits 6-7.

<sup>38</sup> *Order and Certificate*, Docket No. 00-ANGG-218-COC, May 19, 2000, at 7 (emphasis added).

ANGC's Limited Certificate. Instead, the 1998 Agreement with SWKI-SE was among the HRDS Contract Rate Schedules transferred and approved by Commission Order pursuant to Docket No. 00-ANGG-218-COC. This is clearly evident, given the fact that gas delivery point identified in the 1998 Agreement is "[t]he outlet side of *Anadarko Gathering Company's* ("AGC") Meter #033374, located on AGC's 16-inch gathering line . . . ." <sup>39</sup> ANGC's August 3, 2000 filing of its HRDS gas service contracts was done "in accordance with the Order and Certificate issued on May 19, 2000 in [Docket No. 00-ANGG-218-COC]." <sup>40</sup>

28. The terms of the 1998 Agreement—including the \$0.50 per MMBtu delivery rate—constitute a lawfully established, Commission-approved Contract Rate Schedule. The 1998 Agreement with SWKI-SE was filed with the Commission and approved according to the Order and Certificate issued in Docket No. 00-ANGG-218-COC and Anadarko's August 3, 2000 filing of its HRDS contracts. Following execution of the 1998 Agreement, AESC has at all times charged SWKI-SE the KCC approved \$0.50 per MMBtu delivery charge that was freely negotiated and agreed to by SWKI-SE and AESC. <sup>41</sup> Therefore, at no time has AESC or ANGC charged SWKI-SE rates in excess of a lawfully established, Commission-approved rate.

29. The 2002 Agreement with SWKI-SWC was also filed with and approved by the Commission in 2002, and filed again in 2008 and 2013. As described in Paragraph 9, *infra*, ANGC filed all HRDS gas sales agreements that the Company "would retain" following the assignment of certain gas sales agreements to TKO. The 2002 Agreement with SWKI-SWC and the 1998 Agreement with SWKI-SE were among those retained sales agreements that were filed by ANGC. As part of the TKO Docket, the KCC Staff reviewed all ANGC gas sales agreements

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<sup>39</sup> Exhibit 1, at 16 (emphasis added).

<sup>40</sup> See Exhibit 3, at 3.

<sup>41</sup> The 1998 Agreement was filed again in 2008 in the TKO Docket, and in 2013 in the 509 Docket.

retained and transferred by ANGC.<sup>42</sup> These agreements were, again, approved by operation of law, thirty days subsequent to filing, pursuant to K.S.A. 66-117.

30. The Commission's order issued in the 2008 TKO Docket, acknowledged certain contentions of SWKI. Notably, the Commission recognized SWKI's interest in "ensuring its members will have access to safe, reliable, and stable gas supply on just, reasonable, and nondiscriminatory terms."<sup>43</sup> To that end, the Commission ordered the KCC Staff "to review information regarding the Anadarko transmission system and file a report by July 12, 2010, stating its recommendation on whether a need exists for the Commission to open an investigation of Anadarko's operations of its transmission system."<sup>44</sup> Following its review, the KCC Staff *did not* file a report recommending the Commission investigate the operation of the Anadarko transmission system. Essentially, failure to request an investigation results in a Staff finding that no material deficiencies in operations were evident. To find otherwise would indicate failure of Staff to follow a Commission directive, which was not the case. Further, to date Staff has not found otherwise.

31. The terms of the 2002 Agreement—including the \$0.50 per MMBtu delivery rate—constitute a lawfully established, Commission-approved Contract Rate Schedule. The 2002 Agreement with SWKI-SWC was filed with the Commission in 2002 and was approved as a matter of law pursuant to K.S.A. 66-117. The 2002 Agreement was again approved during the 2008 TKO Docket. Following execution of the 2002 Agreement, ANGC at all times charged SWKI-SWC the \$0.50 per MMBtu delivery charge that was freely negotiated and agreed to by

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<sup>42</sup> *Staff Memorandum*, Consolidated Docket Nos. 08-ANGG-295-CCN and 08-TKOG-314-COC, Feb. 12, 2009, at 1 (emphasis added).

<sup>43</sup> *Order Granting Application With Conditions*, Docket Nos. 08-ANGG-295-CCN and 08-TKOG-314-COC, April 12, 2010, at 19 (emphasis added).

<sup>44</sup> *Id.* (emphasis in original).



SWKI-SWC and ANGC. Therefore, at no time has ANGC charged SWKI-SWC rates in excess of a lawfully established, Commission-approved rate.

32. For the sake of argument only, even if one incorrectly assumes that the 2002 Agreement was not filed and approved by operation of K.S.A. 66-117, no violation by ANGC would occur. The 1998 Agreement—which was filed and approved by the Commission—is the “latest, lawfully established, Commission-approved rate” (as requested in the Complaint) that is applicable to the 2002 Agreement. Indeed, the 2002 Agreement is virtually identical to the 1998 Agreement, and is in fact identical in the \$0.50 delivery rate. Thus, there is no circumstance—whether one views the 2002 Agreement as filed and approved or incorrectly views the 2002 Agreement as not filed—where the \$0.50 delivery rate is not the lawful rate.

**b. *SWKI-SE and SWKI-SWC Are Required to Arbitrate Any Disputes Related to the 1998 Agreement and 2002 Agreement.***

33. The freely negotiated terms of the 1998 Agreement and 2002 Agreement require the parties to arbitrate any dispute related to the Agreements. Specifically, the parties agreed in Article 13.1 of each Gas Sales Agreement that:

*Any dispute arising out of or relating to this Agreement or the breach, termination, or validity thereof, shall be finally settled by arbitration* conducted expeditiously in accordance with the Center for Public Resources Rules for Non-Administered Arbitration of Business disputes by three independent and impartial arbitrators, of whom each party shall appoint one. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. Section 1-16, . . . and judgment upon award rendered by the arbitrators may be entered by any court having jurisdiction thereof. ***The place of arbitration shall be in Houston, Texas.*** The arbitrators shall not be empowered to award incidental, consequential, indirect, special, punitive or exemplary damages, and each party hereby irrevocably waives any damages other than actual direct damages.<sup>45</sup>

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<sup>45</sup> See Exhibit 1, at 12; See also Exhibit 2, at 12 (emphasis added).

34. The Complaint filed by SWKI-SE and SWKI-SWC clearly arises out of and relates to each SWKI Gas Sales Agreement. SWKI alleges that ANGCO failed to file the 1998 and 2002 SWKI Agreements and has therefore collected unlawful rates under each Agreement. The terms of the 1998 SWKI-SE Agreement and 2002 SWKI-SWC Agreement each explicitly require these claims be subject to mandatory arbitration in Houston, Texas. Accordingly, the Commission is without jurisdiction to adjudicate this matter and the instant SWKI Complaint must be dismissed.

c. ***SWKI's Ability to Challenge Payments for Natural Gas Service is Contractually Limited to the Most Recent Two Years.***

35. In any event, SWKI, by the freely negotiated terms of the 1998 SWKI-SE Agreement and 2002 SWKI-SWC Agreement, is contractually barred from challenging any payment made pursuant to its Gas Sales Agreements, after two years. Article 6.3 of both the 1998 SWKI-SE Agreement and 2002 SWKI-SWC Agreement provides that:

Each party shall have the right, at all reasonable times and upon reasonable prior written notice, to examine the books, records and charts of the other party to the extent necessary to verify the accuracy of any statement, charge, computation, or payment made pursuant to the provisions of this Agreement . . . . If any such examination reveals any inaccuracy in any payment therefore made, the necessary adjustment in such payment shall be made, provided that ***no adjustment for any payment made shall be made, and payments shall be considered final, after the lapse of two (2) years from the rendition thereof***, except to the extent that either party has noted a specific exception to the other party in writing during that period.<sup>46</sup>

36. All payments for natural gas service made by SWKI-SE and SWKI-SWC prior to July 31, 2011 are final under the terms of the freely negotiated SWKI Gas Sales Agreements. At no time prior to the filing the instant Complaint has SWKI requested an examination of any

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<sup>46</sup> Exhibit 1, at 6 (emphasis added).

payment made under the 1998 Agreement or 2002 Agreement. Further, SWKI-SE and SWKI-SWC has not provided ANGC with a written exception to any payment made by SWKI under the 1998 and 2002 Agreement. As a result, SWKI-SE and SWKI-SWC are contractually barred by the terms of the 1998 Agreement and 2002 Agreement from challenging any payment made prior to July 31, 2011.

**d. *The SWKI Complaint is Entirely Inconsistent with its Position in the 509 Docket, and Completely Subverts the Requirement that Bad Faith Pleading May Not Be Filed in Kansas Courts or Administrative Proceedings.***

37. The SWKI-SE and SWKI-SWC contention that their \$0.50 per MMBtu delivery charge is unlawful, entirely contradicts SWKI's position advanced in the 509 Docket. SWKI, in its Post Hearing Brief filed in the 509 Docket, argued that if the sale of the HRDS to Black Hills was approved, the KCC should require that "*[c]urrent contractual rates or their equivalent must remain in effect pending Black Hills' next rate case.*"<sup>47</sup> In complete contradiction of its Complaint in the 509 Docket, SWKI incredibly contends that the \$0.50 rate that it declares to be unlawful in the Complaint, should be continued indefinitely in the future. The SWKI Complaint, on one hand, seeks to void and reprice the contractual rates that it has paid over a period of fifteen and eleven years. Yet, in the 509 Docket, SWKI contends that Black Hills must charge SWKI the purported unlawful rates for the foreseeable future. The SWKI Complaint was filed on August 27, 2013, and SWKI filed its Post Hearing Brief in the 509 Docket seventeen days later on September 13, 2013.

38. When SWKI's position in the 509 Docket and its Complaint are viewed in concert, SWKI's ultimate intent is clear. On the one hand, SWKI seeks to maintain its current \$0.50 delivery charge if and when its natural gas service is transferred to Black Hills. At the

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<sup>47</sup> *Post Hearing Brief of SWKI-Seward West Central, Inc. and SWKI-Stevens Southeast, Inc.*, Docket No. 13-BHCG-509-ACQ, September 3, 2013, at 4 (emphasis added).

same time, and on the other hand, SWKI attempts to leverage a single, out of context statement included by Staff in its Report and Recommendation to retroactively reprice and reduce the rates for prior natural gas service that SKWI has received over the prior fifteen years. This is not pleading in the alternative, it is bad faith pleading. SWKI's position is not only untenable from a legal and factual standpoint, but is also wholly inconsistent and demonstrates SWKI's attempt to both rewrite history and invent an untrue version of the facts—all without any material level of due diligence and investigation—in an attempt to advance two completely inconsistent positions.

#### **IV. Answer to Complaint**

39. Except as admitted or agreed herein, ANGC denies each and every allegation and statement in the Complaint.

40. ANGC lacks sufficient knowledge as to the statement set forth in the first sentence of paragraph 1 of the Complaint, and therefore cannot confirm that SWKI-SWC is currently a Kansas nonprofit corporation, in good standing. ANGC agrees with the second sentence of paragraph 1 of the Complaint.

41. ANGC lacks sufficient knowledge as to the statement set forth in the first sentence of paragraph 2 of the Complaint, and therefore cannot confirm that SWKI-SE is currently a Kansas nonprofit corporation, in good standing. ANGC agrees with the second sentence of paragraph 2 of the Complaint.

42. ANGC admits the allegations set forth in paragraph 3 of the Complaint.

43. ANGC admits the allegations set forth in paragraph 4 of the Complaint. However, ANGC notes that natural gas service under the 1998 Agreement with SWKI-SE was originally provided by Anadarko Energy Services Company. Anadarko Energy Service Company delivered

natural gas to SWKI-SE at “[t]he outlet side of Anadarko Gathering Company’s (“AGC”) Meter #033374, located on AGC’s 16-inch gathering line and was therefore not KCC jurisdictional.<sup>48</sup>

44. ANG C admits the allegations in the first and second sentence of paragraph 5. As to the remaining allegations set forth in paragraph 5, the Staff’s Report and Recommendation speaks for itself, and ANG C denies the allegations to the extent they are inconsistent with Staff’s Report and Recommendation.

45. The Staff’s Report and Recommendation speaks for itself. ANG C admits the quoted language set forth in paragraph 6 is included in Staff’s Report and Recommendation. However, ANG C denies SWKI’s representation that the emphasis added to the quoted language in the Complaint matches the emphasis added in Staff’s Report and Recommendation.

46. The Staff’s Report and Recommendation cited in paragraph 7 of the Complaint speaks for itself. ANG C denies KCC Staff’s statement that it failed to file its customer contracts for review and approval of the Commission. As noted by Staff after the filing of its initial Report and Recommendation, ANG C HRDS customer contracts were on file at the Commission.<sup>49</sup>

47. ANG C denies the allegations set forth in paragraph 8. K.S.A. 66-1,202 and K.S.A. 66-1,203 speak for themselves, and ANG C has not violated K.S.A. 66-1,202 or K.S.A. 66-1,203.

48. ANG C denies the allegations set forth in paragraph 9. K.S.A. 66-109 and K.S.A. 66-117 speak for themselves, and ANG C has not violated K.S.A. 66-109 or K.S.A. 66-117.

49. K.S.A. 66-1,205 speaks for itself. To the extent the statements set forth in paragraph 10 require a response, ANG C denies all such allegations.

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<sup>48</sup> Exhibit 1, at 16.

<sup>49</sup> See Exhibits 6-7.

50. ANGC admits the allegations set forth in the first sentence of paragraph 11 of the Complaint. ANGC also admits that contract rates for other ANGC customers for service on the HRDS range from \$0.10 to \$0.75 per MMBtu, but such has no relevance to the freely negotiated, KCC approved contract rates of SWKI. ANGC denies the remaining allegations set forth in paragraph 11 of the Complaint. Natural gas service on the HRDS is, and has been, provided pursuant to customer-specific, privately negotiated contracts. Natural gas service on the HRDS has never been provided—or required by the Commission to be provided—according to “cost-based rates.” In addition, a SWKI Gas Sales Agreement has been on file with the Commission since August 3, 2000, at the latest.<sup>50</sup>

51. The *Sunflower Pipeline Co.* case described by SWKI in paragraph 12 speaks for itself. ANGC denies that the *Sunflower Pipeline Co.* case is applicable to the instant Complaint, as a SWKI Gas Sales Agreement—with a \$0.50 per MMBtu delivery charge—has been on file with the Commission since August 3, 2000, at the latest.<sup>51</sup>

52. The *Sunflower Pipeline Co.* case cited by SWKI in paragraph 13 speaks for itself. ANGC denies that the *Sunflower Pipeline Co.* case is applicable to the instant Complaint, as a SWKI Gas Sales Agreement—with a \$0.50 per MMBtu delivery charge—has been on file with the Commission since August 3, 2000, at the latest.<sup>52</sup>

53. Regarding the relief requested by SWKI in paragraph 14 of the Complaint, ANGC denies that it failed to file customer contracts—including those of SWKI-SE and SWKI-SWC—for Commission approval. ANGC further denies that it has charged SWKI rates that are “in excess of the latest lawfully established, Commission approved rate.” SWKI-SE and SWKI-

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<sup>50</sup> See Exhibits 3, 5-7.

<sup>51</sup> *Id.*

<sup>52</sup> *Id.*

SWC are not entitled to a refund for natural gas service provided pursuant to lawful, arm-length, and freely negotiated contracts.

54. ANGC raises the following affirmative defenses to the SWKI Complaint:
- a. The SWKI Complaint fails to state a claim upon which the Commission may grant relief;
  - b. SWKI is barred from filing its Complaint, as it agreed to submit any disputes arising out of or related to the 1998 and 2002 Gas Sales Agreements to arbitration in Houston, Texas; and
  - c. SWKI has received the benefits that it bargained for under contract and quantum meruit.
  - d. The SWKI Complaint is barred by the doctrines of consent, waiver, estoppel, laches, quantum meruit and unclean hands.

## **V. Conclusion**

WHEREFORE, ANGC respectfully requests the Commission dismiss the Complaint of SWKI-SE and SWKI-SWC. In the alternative, ANGC requests the Commission reject the allegations made by SWKI-SE and SWKI-SWC and deny the relief requested, for the reasons set forth above.

ANGC further requests the Commission order SWKI pay all costs (including attorney's fees) of ANGC incurred in this proceeding, because: (i) the Complaint was not filed after due and proper investigation of the facts and matters alleged in the Complaint; (ii) the Complaint is purported based on what are incomplete and incorrect factual assertions; (iii) the Complaint was improperly filed in violation of the terms of both existing Agreements; and (iv) the Complaint has continued without amendment or dismissal in spite of the sworn testimony cited herein by

the KCC Staff regarding the issue of filing and approval of the 1998 and 2002 SWKI Gas Sales Agreements, that is materially inconsistent with the allegations of the Complaint.

Respectfully submitted,

SMITHYMAN & ZAKOURA, CHARTERED

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ATTORNEYS FOR ANADARKO NATURAL  
GAS COMPANY



**VERIFICATION**

STATE OF KANSAS            )  
  ) ss.  
COUNTY OF JOHNSON        )

I, James P. Zakoura, being first duly sworn, state that the above and foregoing Response is true and accurate to the best of my knowledge, information and belief.

*James P. Zakoura*  
\_\_\_\_\_  
James P. Zakoura

SUBSCRIBED AND SWORN to before me this 1<sup>st</sup> day of October, 2013.

*Diane M. Walsh*  
\_\_\_\_\_  
Notary Public

My Appointment Expires:

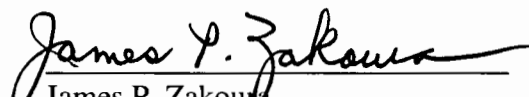
08-31-2014



**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of the above and foregoing pleading has been faxed, hand-delivered, emailed, and/or mailed, First Class, postage prepaid, this October 1<sup>st</sup>, 2013, to:

FRANK A. CARO POLSINELLI, PC 6201 COLLEGE BLVD STE 500 OVERLAND PARK, KS 66211-2435	ANNE E. CALLENBACH POLSINELLI, PC 6201 COLLEGE BLVD STE 500 OVERLAND PARK, KS 66211-2435
SAMUEL FEATHER, LITIGATION COUNSEL KANSAS CORPORATION COMMISSION 1500 SW ARROWHEAD RD TOPEKA, KS 66604-4027	LEO HAYNOS, CHIEF OF PIPELINE SAFETY KANSAS CORPORATION COMMISSION 1500 SW ARROWHEAD RD TOPEKA, KS 66604-4027

  
James P. Zakour

# **Exhibit**

**1**

**GAS SALES AGREEMENT**

DATED July 1, 1998

**BY AND BETWEEN**

**ANADARKO ENERGY SERVICES COMPANY**

**AND**

**SWKI - STEVENS - SOUTH EAST, INC.**

**IGSA #500**

# GAS SALES AGREEMENT

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## GAS SALES AGREEMENT

THIS GAS SALES AGREEMENT ("Agreement") is made and entered into, this 1st day of July, 1998, by and between ANADARKO ENERGY SERVICES COMPANY, a Delaware corporation ("Seller"), and SWKI - STEVENS - SOUTH EAST, INC., a Kansas certificated Non-profit Public Utility ("Buyer").

WHEREAS, Buyer desires to purchase from Seller, in accordance with the provisions of this Agreement, certain quantities of natural gas; and

WHEREAS, Seller is willing to sell such quantities of natural gas to Buyer in accordance with the provisions of this Agreement;

NOW, THEREFORE, in consideration of the mutual agreements and covenants herein contained, Seller and Buyer hereby agree as follows:

### ARTICLE I DEFINITIONS

Except in those certain instances where the context clearly indicates another meaning, the following terms when used in this Agreement shall have the following meanings:

1.1 "Btu" shall mean one British Thermal Unit, which is the amount of heat required to raise the temperature of one (1) pound of water from fifty-nine degrees (59°) Fahrenheit to sixty degrees (60°) Fahrenheit.

- 1.2 "Btu Content" shall mean the number of MMBtu's contained in the quantity of gas delivered hereunder and shall be determined by multiplying the volume of gas (Mcf) by its corresponding Heating Value (MMbtu/cf).
- 1.3 "Day" shall mean a period of twenty-four (24) consecutive hours beginning at 5:00 a.m. Central Time on any calendar day and ending at 5:00 a.m. Central Time on the calendar day immediately following.
- 1.4 "Delivery Point" shall mean the outlet flange of each of the relevant measurement facilities identified on Exhibit "A" hereto at which Seller delivers gas to Buyer hereunder.
- 1.5 "Heating Value" shall mean the number of British Thermal Units (Btu's) produced by the combustion, at constant pressure, of the amount of gas which would occupy a volume of one (1) cubic foot at a temperature of sixty degrees (60°) Fahrenheit when saturated with water vapor and under a constant pressure of 14.65 Psia, with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air and when the water formed by combustion is condensed to the liquid state. The Heating Value so determined shall be corrected to "dry" conditions for purposes of determining the Btu Content of Seller's gas.
- 1.6 "Mcf" shall mean one thousand (1,000) cubic feet of gas at a pressure of 14.65 Psia and at a temperature of sixty degrees (60°) Fahrenheit cubic feet of gas.
- 1.7 "MMBtu" or "dekatherm" or "Dth" shall mean one million (1,000,000) Btu's.
- 1.8 "Month" shall mean a period beginning at 5:00 a.m. Central Time on the first day of a calendar month and ending at 5:00 a.m. Central Time on the first day of the calendar month immediately following.

1.9 "Natural gas" or "gas" shall mean natural gas of the quality delivered by Transporter on behalf of Seller to the Delivery Point, from time to time, for sale to Buyer hereunder.

1.10 "Psia" shall mean pounds per square inch absolute.

1.11 "Transporter" shall mean any entity which physically transports gas to the Delivery Point on behalf of Seller for sale to Buyer hereunder.

1.12 "Transporter's Facilities" shall mean those pipeline and appurtenant facilities utilized by any given Transporter to transport gas to the Delivery Point on behalf of Seller for delivery to Buyer hereunder.

## ARTICLE II QUANTITY

2.1 Subject to the provisions of this Agreement, Buyer shall purchase from Seller at the Delivery Point on a best efforts basis all of the natural gas necessary each day to satisfy all of Buyer's gas requirements; provided, however, that in no event shall Seller be obligated to sell to Buyer quantities of gas in excess of 1,600 Dth./day, unless Seller and Buyer otherwise expressly agree in writing.

## ARTICLE III DELIVERY POINT(S); TRANSPORTATION; AND FACILITIES

3.1 All gas sold hereunder shall be delivered to Buyer at any one or more of the Delivery Point(s) set forth on Exhibit "A" hereto, which is incorporated by reference herein.



3.2 Seller shall be responsible for arranging, at its sole discretion and expense, for all upstream transportation service necessary to deliver all gas quantities to be sold to Buyer at the Delivery Point. Buyer shall be responsible for arranging, at its sole risk and expense, for all downstream transportation service necessary to receive all gas quantities to be purchased from Seller at the Delivery Point.

#### ARTICLE IV PRICE

4.1 The price per MMBtu for all gas sold by Seller to Buyer hereunder shall be the greater of:

- (a) \$1.50 per MMBtu; or
- (b) the sum of (i) the Panhandle Eastern Pipe Line Company "Index" price to "Texas, Oklahoma (mainline)," as published in the first issue of Inside F.E.R.C.'s Gas Market Report, under the section entitled "Prices of Spot Gas Delivered to Pipelines," for the month in which gas was delivered by Seller to Buyer (the "Index Price"); plus (ii) fifty cents (\$0.50) per MMBtu. If Inside F.E.R.C.'s Gas Market Report discontinues publishing the Index Price, the parties shall utilize a mutually acceptable substitute index price for determining the price of gas sold in accordance with Section 4.1.

4.2 Buyer shall pay a surcharge of \$50.00 per Delivery Point each month whether or not any gas is used by Buyer during that month. The surcharge covers the cost of routine meter maintenance, determination of volumes, accounting and other operational costs incurred by Seller in connection with the sale of gas hereunder.

4.3 The price for gas sold by Seller to Buyer hereunder shall be exclusive of any and all applicable sales or use tax. Seller shall be responsible for any and all taxes, royalties, or other assessments levied upon the gas prior to delivery to Buyer hereunder. Buyer shall be responsible for any and all taxes and assessments, including but not limited to sales or use taxes levied upon

the gas, upon or after delivery to Buyer hereunder.

## ARTICLE V

### TERM

5.1 This Agreement shall be effective on the date first stated above and shall remain in full force and effect for a primary term of one (1) month, commencing on the first day of the month following the date the facilities described in Section 3.3 are placed in service, and month-to-month thereafter; provided, however, either party may terminate this Agreement upon expiration of the primary term, by the provision of written notice to the other party not less than thirty (30) days prior to any such expiration date. Termination of this Agreement shall not relieve either party from any obligations previously accrued hereunder.

## ARTICLE VI

### BILLING AND PAYMENT

6.1 On or about the first (1st) business day of each month, Seller shall invoice Buyer for gas sold to Buyer during the previous month. Seller's invoice shall be sent by telecopy and shall indicate, for deliveries to Buyer during the previous month: (a) the thermal and volumetric quantities delivered to each Delivery Point; (b) the aggregate thermal and volumetric quantities delivered to all of the Delivery Point(s); and (c) the total amount due Seller hereunder. Buyer shall pay Seller the total amount due hereunder by wire transfer within two (2) business days following receipt of Seller's invoice ("Due Date").

6.2 Commencing on the date following the Due Date, interest shall accrue on any unpaid balance, including any undisputed unpaid balance subsequently determined to be owed to Seller, at the "Prime Rate" published daily in the Wall Street Journal in the "Money Rates" column plus two percent (2%) until same is paid; provided, however, that such rate shall not exceed the maximum

lawful rate established in the state where the Delivery Point(s) is (are) located. In the event the Prime Rate plus two percent (2%) exceeds the maximum lawful rate, the applicable interest rate shall be the maximum lawful rate. If Buyer disputes the amount of any invoice, or any part thereof, Buyer shall nevertheless pay to Seller the full invoiced amount. If it is ultimately determined that Buyer did not owe a disputed amount, or any part thereof, Seller shall refund such amount to Buyer within five (5) days of such determination, including interest on such amount calculated from the date paid at the rate provided for in this Article VI.

6.3 Each party shall have the right, at all reasonable times and upon reasonable prior written notice, to examine the books, records and charts of the other party to the extent necessary to verify the accuracy of any statement, charge, computation, or payment made pursuant to the provisions of this Agreement. Any such examination shall be conducted during normal business hours and in the appropriate office of the party owning such books, records and charts as mutually agreed to by Buyer and Seller. If any such examination reveals any inaccuracy in any payment theretofore made, the necessary adjustment in such payment shall be promptly made, provided that no adjustment for any payment made shall be made, and payments shall be considered final, after the lapse of two (2) years from the rendition thereof, except to the extent that either party has noted a specific exception to the other party in writing during that period.

## ARTICLE VII CREDIT REQUIREMENTS AND DEFAULT

7.1 Should the creditworthiness or financial responsibility of Buyer become unsatisfactory to Seller at any time during which this Agreement is in effect, satisfactory security may be required before further deliveries are made or receipts accepted hereunder. In the event Buyer: (i) makes an assignment or any general arrangement for the benefit of creditors; (ii) defaults in the payment or performance of any obligation to Seller under this Agreement; (iii) files a petition or otherwise commences, authorizes, or acquiesces in the commencement of a proceeding or cause under any

bankruptcy or similar law for the protection of creditors or has such petition filed or proceeding commenced against it; (iv) otherwise becomes bankrupt or insolvent (however evidenced); (v) is unable to pay its debts as they fall due; or (vi) fails to give adequate security for or assurance of its ability to perform its further obligations under this Agreement within forty-eight (48) hours of a reasonable request by Seller, then Seller shall have the right to suspend deliveries or withhold receipts of gas hereunder, offset any or all amounts due Seller against any or all amounts due Buyer under this or any other agreement between the parties, and/or terminate this Agreement without prior notice, in addition to any and all other remedies available hereunder or pursuant to law.

#### **ARTICLE VIII QUALITY; MEASUREMENT; PRESSURE**

8.1 All of the gas delivered to Buyer at the Delivery Point shall meet Transporter's applicable gas quality specifications in effect at the time of delivery, as such specifications may be revised by Transporter from time to time.

8.2 All measurement of gas delivered to Buyer hereunder shall be performed by Transporter at the Delivery Point in accordance with Transporter's standard measurement practices in effect at the time of delivery. All measurement performed by Transporter shall be deemed conclusive as between Buyer and Seller for all purposes hereunder.

8.3 All gas delivered to Buyer hereunder shall be delivered at the Delivery Point at the pressures prevailing in Transporter's Facilities, as such pressure may fluctuate from time to time. Seller is under no obligation to deliver gas covered hereunder to Buyer at any minimum or maximum delivery pressure. Buyer shall be solely responsible for regulation of gas pressure in all of Buyer's facilities located at or downstream of the Delivery Point.

8.4 BUYER UNDERSTANDS THAT THE GAS SUPPLIED HEREUNDER IS UNTREATED RAW GAS AS PRODUCED AT A WELL, THAT THE SUPPLY MAY BE VARIABLE AND MAY AT ANY TIME AND WITHOUT NOTICE TEMPORARILY OR PERMANENTLY CEASE, THAT THE GAS MAY CONTAIN IMPURITIES, INCLUDING BUT NOT LIMITED TO FREE WATER, NATURAL GASOLINE OR OTHER LIQUIDS, CARBON DIOXIDE (CO2), AND HYDROGEN SULFIDE (H2S) THAT THE GAS IS NOT ARTIFICIALLY ODORIZED AND THAT THE PRESSURE AT THE DELIVERY POINT MAY FLUCTUATE AND, WITH RESPECT TO ALL OF THE FOREGOING, BUYER ASSUMES THE RISK THEREOF.

8.5 NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, ALL SALES MADE BY SELLER HEREUNDER ARE MADE WITHOUT ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

#### ARTICLE IX TITLE

9.1 Title to all gas delivered hereunder shall pass from Seller to Buyer at the relevant Delivery Point. Seller warrants that at the time of delivery to Buyer, Seller will have either title to or all necessary legal authority to sell all gas delivered to Buyer. Seller further warrants that all gas sold to Buyer hereunder will be free from any and all liens, charges, adverse claims and encumbrances of any kind or character at the time of delivery to Buyer. Seller shall defend and indemnify Buyer from any liabilities, costs and expenses to any third parties (including court costs and reasonable attorney's fees) pertaining in any manner to Seller's title to or right to sell any gas delivered to Buyer hereunder.

**ARTICLE X**  
**SUCCESSION AND ASSIGNMENT**

10.1 Neither party hereto may assign any of its rights, obligations or interests under this Agreement without the prior express written consent of the other party, which consent may not be unreasonably withheld; provided, however, that such prior written consent shall not be required in the event of assignment by either party to an affiliate of that party. No conveyance or transfer of interest of either party shall be binding upon the other party until such party has been furnished with written notice and a certified copy of such conveyance or transfer. This Agreement shall be binding upon the respective successors and assigns of the parties hereto.

**ARTICLE XI**  
**LIABILITY AND FORCE MAJEURE**

11.1 Seller and Buyer each assume full responsibility and liability for the maintenance and operation of their respective properties and each shall indemnify and hold harmless the other party from all liability and expense on account of any and all damages, claims or actions, including injury to or death of persons, arising out of the installation, maintenance and operation of the property and equipment of the indemnifying party.

11.2 As between the parties hereto, Seller shall be deemed to be in exclusive control and possession of the gas, and shall be responsible for any loss, injury or damage caused thereby, until the same shall have been received by Buyer at the Delivery Point; and Buyer shall be deemed to be in exclusive control and possession of the gas and shall be responsible for any loss, injury or damage caused thereby upon and after receipt of such gas by Buyer from Seller at the Delivery Point.

11.3 If by reason of force majeure either party is rendered unable, wholly or in part, to carry out

any of its obligations under this Agreement, other than the obligation to make any payments due, then following the provision of written notice to the other party which describes the force majeure event in reasonably full particulars, such affected party shall be excused from performance of such impaired obligations hereunder during the continuance of any inability so caused. For purposes of this Agreement, the term "force majeure" shall mean acts of God; strike; lockout; fire; war; acts of the public enemy; riot; civil disturbance; explosion; breakdown or accident to machinery, lines of pipe or plants; interruption of transportation for the making of repairs, maintenance or alterations of wells, machinery, lines of pipe or plants; freezing of wells or lines of pipe; failure of wells or appurtenant facilities; regulation or order of a governmental agency; inability to secure, or the delays in acquiring at reasonable costs, materials, equipment, easements, right-of-way, grants, servitudes, permits or licenses; partial or entire failure of gas supply or demand over which neither party has control; inclement weather that necessitates extraordinary measures and expense to construct facilities and/or maintain operations; or any other cause or causes beyond the reasonable control of the party, whether of the kind herein enumerated or otherwise. This Agreement shall not be terminated by reason of suspension due to any one or more of the causes above set forth. A force majeure period shall not serve to extend the term of this Agreement.

**ARTICLE XII  
NOTICES AND COMMUNICATIONS**

12.1 All notices, communications, requests, statements or payments authorized or required between the parties, and/or required by any of the provisions of this Agreement, shall be given in writing, unless otherwise expressly provided herein. Such notices, communications, requests, statements or payments may be transmitted via United States first class mail, fax, telecopy or similar electronic communication, or prepaid overnight delivery. Such notices, requests, statements, or payments, as applicable, shall be considered as duly delivered as of the receipt date indicated on the fax, telecopy or similar electronic communication, or the postmark date when mailed by United States mail to the other party at the following address:

If to Buyer: **Invoices, Notices  
and Correspondence:**

SWKI - STEVENS - SOUTH EAST, INC.  
P.O. Box 100  
Hugoton, KS 67951  
Attn: Kirk W. Heger, President  
Telephone: (316) 544-2688  
Telecopy: (316) 544-2188

**Invoices To:**

CITIZENS STATE BANK.  
P.O. Box 728  
Hugoton, KS 67951  
Attn: Lauren Zabel  
Telephone: (316) 544-4331  
Telecopy: (316) 544-4134



If to Seller: **Notices and  
Correspondence:**

ANADARKO ENERGY SERVICES COMPANY  
P.O. Box 351  
Liberal KS 67905-0351  
Attn: Nom B. Bartel, Gas Control Supervisor  
Telephone: (316) 629-4323  
Telecopy: (316) 629-4399

**And a copy to:**

ANADARKO ENERGY SERVICES COMPANY  
P. O. Box 1330  
Houston, TX 77251-1330  
Attn: Marketing Administration  
Telephone: (281) 875-1101  
Telecopy: (281) 876-8663

**Payments:  
(Wire)**

ANADARKO ENERGY SERVICES COMPANY  
Mellon Bank, N. A.  
Pittsburgh, PA  
Account No. 1157237  
Transit Routing No. 043000261

Either party may change any address under this Article by giving prior written notice to the other party.

### ARTICLE XIII ARBITRATION

13.1 Any dispute arising out of or relating to this Agreement or the breach, termination or validity thereof, shall be finally settled by arbitration conducted expeditiously in accordance with the Center for Public Resources Rules for Non-Administered Arbitration of Business Disputes by three independent and impartial arbitrators, of whom each party shall appoint one. The arbitration shall be governed by the United States Arbitration Act, 9

U.S.C. Section 1-16, as same may be amended from time to time, and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The place of arbitration shall be in Houston, Texas. The arbitrators are not empowered to award incidental, consequential, indirect, special, punitive or exemplary damages, and each party hereby irrevocably waives any damages other than actual direct damages.

**ARTICLE XIV  
MISCELLANEOUS**

14.1 This Agreement is subject to all applicable and valid orders, laws, rules and regulations of all duly constituted governmental authorities having jurisdiction or control over the parties or the subject matter of this Agreement. If any provision of this Agreement is determined to be invalid or unenforceable in any jurisdiction, then to the fullest extent permitted by law, the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be construed in order to carry out the intention of the parties as nearly as possible. The invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of any provision in any other jurisdiction.

**14.2 THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO THE APPLICATION OF ANY PRINCIPLES REGARDING CONFLICT OF LAWS WHICH OTHERWISE MIGHT SUBJECT THIS AGREEMENT TO THE LAWS OF ANOTHER JURISDICTION.**

14.3 The waiver by either party of any breach of any of the provisions of this Agreement by the other party shall not constitute a continuing waiver of any other breaches of this Agreement by such other party, regardless of the nature of any such breach.

**14.4 IN NO EVENT SHALL EITHER PARTY BE RESPONSIBLE TO THE OTHER PARTY HEREUNDER FOR ANY INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES.**

14.5 The parties hereto agree that all of the terms and provisions of this Agreement are confidential, and shall use all reasonable efforts to prevent disclosure of any of the provisions of this Agreement to any third party; provided, however, that either party may disclose the terms of this Agreement to its agents, consultants, affiliates and independent public accountants and/or as may be necessary for it to comply with any legal obligation or court order.


14.6 This Agreement shall not create any rights in favor of any third parties, and no provision of this Agreement shall be construed as creating any obligation for the benefit of, or rights in favor of, any person or entity other than the parties hereto.

14.7 This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof, and shall supersede any and all prior and contemporaneous agreements and understandings between the parties, whether oral or written, concerning the subject matter hereof. This Agreement may not be amended, modified, or revised in any manner except by execution by both parties of a written instrument which expressly refers to this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first set forth above.

**BUYER:**  
**SWKI - STEVENS - SOUTH EAST, INC.**

**SELLER:**  
**ANADARKO ENERGY SERVICES  
COMPANY**

By:   
Name: Kirk W. Heger  
Title: President

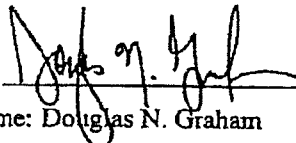
By:   
Name: Douglas N. Graham  
Title: Manager, Gas Marketing

EXHIBIT "A"

TO GAS SALES AGREEMENT BETWEEN  
ANADARKO ENERGY SERVICES COMPANY  
AND

SWKI - STEVENS - SOUTH EAST, INC.

DATED July 1, 1998

DELIVERY POINT(S)

1. The outlet side of Anadarko Gathering Company's ("AGC") Meter #033374, located on AGC's 16-inch gathering line, approximately 2600' FEL and 220' FNL of the NE/4 of Section 23, Township 33 South, Range 36 West, Stevens, County, Kansas.

# **Exhibit**

**2**

**GAS SALES AGREEMENT**

DATED April 1, 2012

**BY AND BETWEEN**

**ANADARKO NATURAL GAS COMPANY**

**AND**

**SWKI - SEWARD - WEST CENTRAL, INC.**

**IGSA #540**

**GAS SALES AGREEMENT**

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## GAS SALES AGREEMENT

THIS GAS SALES AGREEMENT ("Agreement") is made and entered into this 1st day of June, 2002, by and between ANADARKO NATURAL GAS COMPANY, a Delaware corporation ("Seller"), and SWKI - SEWARD - WEST CENTRAL, INC., a Kansas certificated Non-profit Public Utility ("Buyer").

WHEREAS, Buyer desires to purchase from Seller, in accordance with the provisions of this Agreement, certain quantities of natural gas; and

WHEREAS, Seller is willing to sell such quantities of natural gas to Buyer in accordance with the provisions of this Agreement;

NOW, THEREFORE, in consideration of the mutual agreements and covenants herein contained, Seller and Buyer hereby agree as follows:

### ARTICLE I DEFINITIONS

Except in those certain instances where the context clearly indicates another meaning, the following terms when used in this Agreement shall have the following meanings:

1.1 "Btu" shall mean one British Thermal Unit, which is the amount of heat required to raise the temperature of one (1) pound of water from fifty-nine degrees (59°) Fahrenheit to sixty degrees (60°) Fahrenheit.

1.2 **"Btu Content"** shall mean the number of MMBtu's contained in the quantity of gas delivered hereunder and shall be determined by multiplying the volume of gas (Mcf) by its corresponding Heating Value (MMbtu/cf).

1.3 **"Day"** shall mean a period of twenty-four (24) consecutive hours beginning at 5:00 a.m. Central Time on any calendar day and ending at 5:00 a.m. Central Time on the calendar day immediately following.

1.4 **"Delivery Point"** shall mean the outlet flange of each of the relevant measurement facilities identified on Exhibit "A" hereto at which Seller delivers gas to Buyer hereunder.

1.5 **"Heating Value"** shall mean the number of British Thermal Units (Btu's) produced by the combustion, at constant pressure, of the amount of gas which would occupy a volume of one (1) cubic foot at a temperature of sixty degrees (60°) Fahrenheit when saturated with water vapor and under a constant pressure of 14.65 Psia, with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air and when the water formed by combustion is condensed to the liquid state. The Heating Value so determined shall be corrected to "dry" conditions for purposes of determining the Btu Content of Seller's gas.

1.6 **"Mcf"** shall mean one thousand (1,000) cubic feet of gas at a pressure of 14.65 Psia and at a temperature of sixty degrees (60°) Fahrenheit cubic feet of gas.

1.7 **"MMBtu" or "dekatherm" or "Dth"** shall mean one million (1,000,000) Btu's.

1.8 **"Month"** shall mean a period beginning at 5:00 a.m. Central Time on the first day of a calendar month and ending at 5:00 a.m. Central Time on the first day of the calendar month immediately following.

1.9 "Natural gas" or "gas" shall mean natural gas of the quality delivered by Transporter on behalf of Seller to the Delivery Point, from time to time, for sale to Buyer hereunder.

1.10 "Psia" shall mean pounds per square inch absolute.

1.11 "Transporter" shall mean any entity which physically transports gas to the Delivery Point on behalf of Seller for sale to Buyer hereunder.

1.12 "Transporter's Facilities" shall mean those pipeline and appurtenant facilities utilized by any given Transporter to transport gas to the Delivery Point on behalf of Seller for delivery to Buyer hereunder.

## ARTICLE II QUANTITY

2.1 Subject to the provisions of this Agreement, Buyer shall purchase from Seller at the Delivery Point on a best efforts basis all of the natural gas necessary each day to satisfy all of Buyer's gas requirements; provided, however, that in no event shall Seller be obligated to sell to Buyer quantities of gas in excess of 750 Dth./day, unless Seller and Buyer otherwise expressly agree in writing.

## ARTICLE III DELIVERY POINT(S); TRANSPORTATION; AND FACILITIES

3.1 All gas sold hereunder shall be delivered to Buyer at any one or more of the Delivery Point(s) set forth on Exhibit "A" hereto, which is incorporated by reference herein.

3.2 Seller shall be responsible for arranging, at its sole discretion and expense, for all upstream transportation service necessary to deliver all gas quantities to be sold to Buyer at the Delivery Point. Buyer shall be responsible for arranging, at its sole risk and expense, for all downstream transportation service necessary to receive all gas quantities to be purchased from Seller at the Delivery Point.

#### ARTICLE IV PRICE

- 4.1 The price per MMBtu for all gas sold by Seller to Buyer hereunder shall be the greater of:
- (a) \$1.50 per MMBtu; or
  - (b) the sum of (i) the Panhandle Eastern Pipe Line Company "Index" price to "Texas, Oklahoma (mainline)," as published in the first issue of Inside F.E.R.C.'s Gas Market Report, under the section entitled "Prices of Spot Gas Delivered to Pipelines," for the month in which gas was delivered by Seller to Buyer (the "Index Price"); plus (ii) fifty cents (\$0.50) per MMBtu. If Inside F.E.R.C.'s Gas Market Report discontinues publishing the Index Price, the parties shall utilize a mutually acceptable substitute index price for determining the price of gas sold in accordance with Section 4.1.
- 4.2 Buyer shall pay a surcharge of \$50.00 per Delivery Point each month whether or not any gas is used by Buyer during that month. The surcharge covers the cost of routine meter maintenance, determination of volumes, accounting and other operational costs incurred by Seller in connection with the sale of gas hereunder.
- 4.3 The price for gas sold by Seller to Buyer hereunder shall be exclusive of any and all applicable sales or use tax. Seller shall be responsible for any and all taxes, royalties, or other assessments levied upon the gas prior to delivery to Buyer hereunder. Buyer shall be responsible for any and all taxes and assessments, including but not limited to sales or use taxes levied upon

the gas, upon or after delivery to Buyer hereunder.

## ARTICLE V

### TERM

5.1 This Agreement shall be effective on the date first stated above and shall remain in full force and effect for a primary term of one (1) month, commencing on the first day of the month following the date the facilities are placed in service, and month-to-month thereafter; provided, however, either party may terminate this Agreement upon expiration of the primary term, by the provision of written notice to the other party not less than thirty (30) days prior to any such expiration date. Termination of this Agreement shall not relieve either party from any obligations previously accrued hereunder.

## ARTICLE VI

### BILLING AND PAYMENT

6.1 On or about the first (1st) business day of each month, Seller shall invoice Buyer for gas sold to Buyer during the previous month. Seller's invoice shall be sent by telecopy and shall indicate, for deliveries to Buyer during the previous month: (a) the thermal and volumetric quantities delivered to each Delivery Point; (b) the aggregate thermal and volumetric quantities delivered to all of the Delivery Point(s); and (c) the total amount due Seller hereunder. Buyer shall pay Seller the total amount due hereunder by wire transfer within two (2) business days following receipt of Seller's invoice ("Due Date").

6.2 Commencing on the date following the Due Date, interest shall accrue on any unpaid balance, including any undisputed unpaid balance subsequently determined to be owed to Seller, at the "Prime Rate" published daily in the Wall Street Journal in the "Money Rates" column plus two percent (2%) until same is paid; provided, however, that such rate shall not exceed the maximum

lawful rate established in the state where the Delivery Point(s) is (are) located. In the event the Prime Rate plus two percent (2%) exceeds the maximum lawful rate, the applicable interest rate shall be the maximum lawful rate. If Buyer disputes the amount of any invoice, or any part thereof, Buyer shall nevertheless pay to Seller the full invoiced amount. If it is ultimately determined that Buyer did not owe a disputed amount, or any part thereof, Seller shall refund such amount to Buyer within five (5) days of such determination, including interest on such amount calculated from the date paid at the rate provided for in this Article VI.

6.3 Each party shall have the right, at all reasonable times and upon reasonable prior written notice, to examine the books, records and charts of the other party to the extent necessary to verify the accuracy of any statement, charge, computation, or payment made pursuant to the provisions of this Agreement. Any such examination shall be conducted during normal business hours and in the appropriate office of the party owning such books, records and charts as mutually agreed to by Buyer and Seller. If any such examination reveals any inaccuracy in any payment theretofore made, the necessary adjustment in such payment shall be promptly made, provided that no adjustment for any payment made shall be made, and payments shall be considered final, after the lapse of two (2) years from the rendition thereof, except to the extent that either party has noted a specific exception to the other party in writing during that period.

## ARTICLE VII CREDIT REQUIREMENTS AND DEFAULT

7.1 Should the creditworthiness or financial responsibility of Buyer become unsatisfactory to Seller at any time during which this Agreement is in effect, satisfactory security may be required before further deliveries are made or receipts accepted hereunder. In the event Buyer: (i) makes an assignment or any general arrangement for the benefit of creditors; (ii) defaults in the payment or performance of any obligation to Seller under this Agreement; (iii) files a petition or otherwise commences, authorizes, or acquiesces in the commencement of a proceeding or cause under any

bankruptcy or similar law for the protection of creditors or has such petition filed or proceeding commenced against it; (iv) otherwise becomes bankrupt or insolvent (however evidenced); (v) is unable to pay its debts as they fall due; or (vi) fails to give adequate security for or assurance of its ability to perform its further obligations under this Agreement within forty-eight (48) hours of a reasonable request by Seller, then Seller shall have the right to suspend deliveries or withhold receipts of gas hereunder, offset any or all amounts due Seller against any or all amounts due Buyer under this or any other agreement between the parties, and/or terminate this Agreement without prior notice, in addition to any and all other remedies available hereunder or pursuant to law.

**ARTICLE VIII**  
**QUALITY; MEASUREMENT; PRESSURE**

**8.1** All of the gas delivered to Buyer at the Delivery Point shall meet Transporter's applicable gas quality specifications in effect at the time of delivery, as such specifications may be revised by Transporter from time to time.

**8.2** All measurement of gas delivered to Buyer hereunder shall be performed by Transporter at the Delivery Point in accordance with Transporter's standard measurement practices in effect at the time of delivery. All measurement performed by Transporter shall be deemed conclusive as between Buyer and Seller for all purposes hereunder.

**8.3** All gas delivered to Buyer hereunder shall be delivered at the Delivery Point at the pressures prevailing in Transporter's Facilities, as such pressure may fluctuate from time to time. Seller is under no obligation to deliver gas covered hereunder to Buyer at any minimum or maximum delivery pressure. Buyer shall be solely responsible for regulation of gas pressure in all of Buyer's facilities located at or downstream of the Delivery Point.

**8.4 BUYER UNDERSTANDS THAT THE GAS SUPPLIED HEREUNDER IS**

UNTREATED RAW GAS AS PRODUCED AT A WELL, THAT THE SUPPLY MAY BE VARIABLE AND MAY AT ANY TIME AND WITHOUT NOTICE TEMPORARILY OR PERMANENTLY CEASE, THAT THE GAS MAY CONTAIN IMPURITIES, INCLUDING BUT NOT LIMITED TO FREE WATER, NATURAL GASOLINE OR OTHER LIQUIDS, CARBON DIOXIDE (CO2), AND HYDROGEN SULFIDE (H2S) THAT THE GAS IS NOT ARTIFICIALLY ODORIZED AND THAT THE PRESSURE AT THE DELIVERY POINT MAY FLUCTUATE AND, WITH RESPECT TO ALL OF THE FOREGOING, BUYER ASSUMES THE RISK THEREOF.

8.5 NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, ALL SALES MADE BY SELLER HEREUNDER ARE MADE WITHOUT ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

#### ARTICLE IX TITLE AND CERTIFICATION

- 9.1 Title to all gas delivered hereunder shall pass from Seller to Buyer at the relevant Delivery Point. Seller warrants that at the time of delivery to Buyer, Seller will have either title to or all necessary legal authority to sell all gas delivered to Buyer. Seller further warrants that all gas sold to Buyer hereunder will be free from any and all liens, charges, adverse claims and encumbrances of any kind or character at the time of delivery to Buyer. Seller shall defend and indemnify Buyer from any liabilities, costs and expenses to any third parties (including court costs and reasonable attorney's fees) pertaining in any manner to Seller's title to or right to sell any gas delivered to Buyer hereunder.
- 9.2 Buyer hereby represent and warrants that it has received approval from all applicable local, state and federal agencies with respect to all gas delivered to Buyer hereunder for the subsequent resale of said gas by Buyer. Such approvals shall be a condition precedent to



*Seller's obligation to perform hereunder.* Buyer shall defend and indemnify Seller from any liabilities, costs and expenses (including court costs and reasonable attorney's fees) pertaining in any manner to Seller's breach of this Section 9.2 or Seller's lack of approval from any governmental agency to purchase and resell the gas delivered to Buyer hereunder.

## ARTICLE X SUCCESSION AND ASSIGNMENT

10.1 Neither party hereto may assign any of its rights, obligations or interests under this Agreement without the prior express written consent of the other party, which consent may not be unreasonably withheld; provided, however, that such prior written consent shall not be required in the event of assignment by either party to an affiliate of that party. No conveyance or transfer of interest of either party shall be binding upon the other party until such party has been furnished with written notice and a certified copy of such conveyance or transfer. This Agreement shall be binding upon the respective successors and assigns of the parties hereto.

## ARTICLE XI LIABILITY AND FORCE MAJEURE

11.1 Seller and Buyer each assume full responsibility and liability for the maintenance and operation of their respective properties and each shall indemnify and hold harmless the other party from all liability and expense on account of any and all damages, claims or actions, including injury to or death of persons, arising out of the installation, maintenance and operation of the property and equipment of the indemnifying party.

11.2 As between the parties hereto, Seller shall be deemed to be in exclusive control and

possession of the gas, and shall be responsible for any loss, injury or damage caused thereby, until the same shall have been received by Buyer at the Delivery Point; and Buyer shall be deemed to be in exclusive control and possession of the gas and shall be responsible for any loss, injury or damage caused thereby upon and after receipt of such gas by Buyer from Seller at the Delivery Point.

11.3 If by reason of force majeure either party is rendered unable, wholly or in part, to carry out any of its obligations under this Agreement, other than the obligation to make any payments due, then following the provision of written notice to the other party which describes the force majeure event in reasonably full particulars, such affected party shall be excused from performance of such impaired obligations hereunder during the continuance of any inability so caused. For purposes of this Agreement, the term "force majeure" shall mean acts of God; strike; lockout; fire; war; acts of the public enemy; riot; civil disturbance; explosion; breakdown or accident to machinery, lines of pipe or plants; interruption of transportation for the making of repairs, maintenance or alterations of wells, machinery, lines of pipe or plants; freezing of wells or lines of pipe; failure of wells or appurtenant facilities; regulation or order of a governmental agency; inability to secure, or the delays in acquiring at reasonable costs, materials, equipment, easements, right-of-way, grants, servitudes, permits or licenses; partial or entire failure of gas supply or demand over which neither party has control; inclement weather that necessitates extraordinary measures and expense to construct facilities and/or maintain operations; or any other cause or causes beyond the reasonable control of the party, whether of the kind herein enumerated or otherwise. This Agreement shall not be terminated by reason of suspension due to any one or more of the causes above set forth. A force majeure period shall not serve to extend the term of this Agreement.

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If to Buyer:     **Invoices, Notices  
                          and Correspondence:**     SWKI - SEWARD - WEST CENTRAL, INC.  
  c/o Hitch Farms  
  P.O. Box 1308  
  Guymon, OK 73942  
  Attn: Jason Hitch, President  
  Telephone:   (580) 338-8575  
  Telecopy:    (580) 338-5322

**Invoices To:**                                       SWKI - SEWARD - WEST CENTRAL, INC.  
  c/o Hanson Engineering, L.C.  
  Rural Route 2, Box 49  
  Liberal, KS 67901  
  Attn: Richard L. Hanson  
  Telephone:   (620) 626-5777  
  Telecopy:    (620) 624-3369

If to Seller: **Notices and  
Correspondence:**

ANADARKO NATURAL GAS COMPANY  
701 S. Taylor, Suite 400  
Amarillo, TX 79101  
Attn: Norm B. Bartel, Gas Control Supervisor  
Telephone: (806) 457-4630  
Telecopy: (806) 457-4695

**And a copy to:**

ANADARKO NATURAL GAS COMPANY  
Anadarko Tower  
1201 Lake Robbins Drive  
The Woodlands, TX 77380  
Attn: Marketing Administration  
Telephone: (832) 636-5635  
Telecopy: (281) 636-7104

**Payments:  
(Wire)**

ANADARKO NATURAL GAS COMPANY  
Mellon Bank, N. A.  
Pittsburgh, PA  
Account No. 1157237  
Transit Routing No. 043000261

Either party may change any address under this Article by giving prior written notice to the other party.

### **ARTICLE XIII ARBITRATION**

13.1 Any dispute arising out of or relating to this Agreement or the breach, termination or validity thereof, shall be finally settled by arbitration conducted expeditiously in accordance with the Center for Public Resources Rules for Non-Administered Arbitration of Business Disputes by three independent and impartial arbitrators, of whom each party shall appoint one. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C.

Section 1-16, as same may be amended from time to time, and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The place of arbitration shall be in Houston, Texas. The arbitrators are not empowered to award incidental, consequential, indirect, special, punitive or exemplary damages, and each party hereby irrevocably waives any damages other than actual direct damages.

**ARTICLE XIV  
MISCELLANEOUS**

14.1 This Agreement is subject to all applicable and valid orders, laws, rules and regulations of all duly constituted governmental authorities having jurisdiction or control over the parties or the subject matter of this Agreement. If any provision of this Agreement is determined to be invalid or unenforceable in any jurisdiction, then to the fullest extent permitted by law, the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be construed in order to carry out the intention of the parties as nearly as possible. The invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of any provision in any other jurisdiction.

**14.2 THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO THE APPLICATION OF ANY PRINCIPLES REGARDING CONFLICT OF LAWS WHICH OTHERWISE MIGHT SUBJECT THIS AGREEMENT TO THE LAWS OF ANOTHER JURISDICTION.**

14.3 The waiver by either party of any breach of any of the provisions of this Agreement by the other party shall not constitute a continuing waiver of any other breaches of this Agreement by such other party, regardless of the nature of any such breach.

**14.4 NEITHER PARTY SHALL BE RESPONSIBLE TO THE OTHER PARTY FOR ANY EXEMPLARY, PUNITIVE, INCIDENTAL, CONSEQUENTIAL, LOSS PROFITS OR INDIRECT DAMAGES WHETHER OR NOT SUCH DAMAGES WERE CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT, CONCURRENT, COMPARATIVE, CONTRIBUTORY, ACTIVE, PASSIVE, GROSS, OR OTHERWISE), WILLFUL MISCONDUCT, STRICT LIABILITY, OR OTHER FAULT OF THE OTHER PARTY.**

14.5 The parties hereto agree that all of the terms and provisions of this Agreement are confidential, and shall use all reasonable efforts to prevent disclosure of any of the provisions of this Agreement to any third party; provided, however, that either party may disclose the terms of this Agreement to its agents, consultants, affiliates and independent public accountants and/or as may be necessary for it to comply with any legal obligation or court order.

14.6 This Agreement shall not create any rights in favor of any third parties, and no provision of this Agreement shall be construed as creating any obligation for the benefit of, or rights in favor of, any person or entity other than the parties hereto.

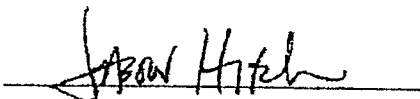
14.7 This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof, and shall supersede any and all prior and contemporaneous agreements and understandings between the parties, whether oral or written, concerning the subject matter hereof. This Agreement may not be amended, modified, or revised in any manner except by execution by both parties of a written instrument which expressly refers to this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first set forth above.

**BUYER:**

**SWKI - SEWARD - WEST CENTRAL,  
INC.**

By: \_\_\_\_\_



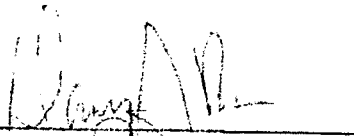
Name: Jason Hitch

Title: President

**SELLER:**

**ANADARKO NATURAL GAS  
COMPANY**

By: \_\_\_\_\_



Name: Richard J. Sharples Danny Rea

Title: Sr. VP, Marketing & Minerals  
Vice President, Field Services



**EXHIBIT "A"**  
**TO GAS SALES AGREEMENT BETWEEN**  
**ANADARKO NATURAL GAS COMPANY**  
**AND**  
**SWKI - SEWARD - WEST CENTRAL, INC.**  
**DATED June 1, 2002**

**DELIVERY POINT(S)**

1. The outlet side of Anadarko Natural Gas Company's ("ANGC") Meter #033524, located on ANGC's 12-inch transmission line, approximately 71' FWL and 220' FNL of the NW/4 of Section 21, Township 33 South, Range 34 West, Seward, County, Kansas.



# **Exhibit**

**3**



CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR  
BRIAN J. MOLINE, CHAIR  
ROBERT E. KREMBEL, COMMISSIONER  
MICHAEL C. MOFFET, COMMISSIONER

FAX TRANSMITTAL COVER SHEET

Date: 7-9-07

Time: \_\_\_\_\_

KCC Fax Number (785) 271-3357

To: Jim Zakoua

From: Dorothy J. Myrick

Number of Pages (including cover sheet): 9

Fax Operator: \_\_\_\_\_

If you do not receive all pages or need to contact the operator, please call (785) 271- 3174

Comments: Includes copy of Exhibit A, gas sales points received on 8/3/2000.

Total of 43 contracts were submitted with Exhibit A.

Also, a list of terminations, cancellations and new contracts (2) which I have a copy of in addition to the 43 contracts mentioned above.

Dorothy

**PARTIES TO ANADARKO GAS SALES POINTS CONTRACTS  
DOCKET NO. 00-ANGG-218-COC**

<u>Date</u> <u>Received by</u> <u>Commission</u>	<u>Description</u>	<u>Activity</u>	<u>Effective</u> <u>Date</u>
8/3/2000	List of gas sales points contracts submitted by Anadarko in accordance with the Order and Certificate issued on May 19, 2000. Forty-three contracts were submitted as "Exhibit A". The contract list does not have a one-to-one correlation to the 43 contracts. Perhaps some contracts have multiple meter points.		
7/19/2001	Anadarko Natural Gas Company Lloyd G. Stoner sold to Nick Hatcher	Termination	4/1/2000
7/19/2001	Anadarko Natural Gas Company Nick Hatcher	New Contract	5/1/2000
7/19/2001	Anadarko Natural Gas Company Amigo Feeders sold to Sunrise Agribusiness Inc.	Termination	2/1/2001
7/19/2001	Anadarko Natural Gas Company Sunrise Agribusiness Inc.	New Contract	4/1/2001
7/19/2001	Anadarko Natural Gas Company Gerald and Pearl Elliot Dean H. Simmons - tenant	Cancellation Request	7/1/2000
7/19/2001	Anadarko Natural Gas Company Danny Gerrond of Gerrond Farms	Cancellation Request	7/31/2000
7/19/2001	Anadarko Natural Gas Company Frank J. Keefer (deceased) Bill Hittle - tenant	Cancellation Request	9/1/2000

ANADARKO PETROLEUM CORPORATION

DIRECT (281) 874-3495 • FAX (281) 874-3424 • TEL. (281) 875-1101  
17001 NORTHCHASE DRIVE • P.O. BOX 1330 • HOUSTON, TEXAS 77251-1330THOMAS L. PANTAZIS  
ATTORNEY

August 3, 2000

Mr. Gary W. Dawdy  
Utilities Division  
Kansas Corporation Commission  
1500 S. W. Arrowhead Road  
Topeka, Kansas 66604

RE: Docket No. 00-ANGC-218-COC

Dear Mr. Dawdy:

In accordance with the Order and Certificate issued on May 19, 2000 in the above referenced proceeding, Anadarko Natural Gas Company ("ANGC") hereby submits for filing with the Kansas Corporation Commission the enclosed gas service contracts (the "Contracts") pertaining to certain sales of gas by ANGC from the Hugoton Residue Delivery System ("HRDS") and from points previously served by Anadarko Gathering Company under its Limited Certificate, which service has now been assumed by ANGC.

The attached Exhibit "A" lists the gas sales points currently served by ANGC. As indicated by the attached Exhibit "A", certain Contracts are already on file with the KCC, in connection with the Limited Certificate previously held by Anadarko Gathering Company, and are therefore not enclosed with this transmittal. Also, please note that several other Contracts, due to their age and other factors, are not enclosed pending location of a complete instrument suitable for filing. Those Contracts are:

- |   |                |
|---|----------------|
| • Millie Corp.                          | Meter No. 6941 |
| • Millie Cop.                           | Meter No. 6962 |
| • Ivan Headrick/J.S. Grover & C. Grover | Meter No. 6554 |
| • Ivan Headrick/J.S. Grover             | Meter No. 6961 |

Copies of such Contracts will follow at a later date.

STATE CORPORATION COMMISSION

AUG 4 2000

UTILITIES DIVISION

Kansas Corporation Commission  
August 3, 2000  
Page 2

In accordance with K.S.A. §66-1,203 and §66-1220a, AGC hereby requests that the Commission maintain the confidentiality of the Contracts by prohibiting disclosure of any of the provisions of the Contracts to any third parties.

Please send me a date-stamped copy of this filing at your earliest convenience.

Sincerely,

*Thomasine L. Pantazis*  
Thomasine L. Pantazis

Enclosures

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- \* Indicates name shown as a "Buyer" on the contract.  
 ■ Indicates contract filed with KCC under AGC's previous Limited Certificate.

**EXHIBIT "A"**

**ANADARKO NATURAL GAS COMPANY  
 SALES POINT(S) FROM  
 HUGOTON RESIDUE DELIVERY SYSTEM**

<u>Meter Name</u>	<u>Meter No.</u>	<u>Meter Location</u>
<u>Irrigation Sales:</u>		
Wayne Johnson/Thelma Morgan*	06705	SE 23-33S-38W
Nick R. Hatcher, et al	06983	SE 9-34S-34W
David Strickland/Daniel Strickland*	06670	SW 6-33S-33W
Millie Corp.	06941	SE 21-32S-33W
Millie Corp.	06962	SW 33-32S-33W
Steve Harper/M and A Investment*	35682	SW 32-32S-33W
Roger Gillespie/Ray A. Morgan*	35683	SE 23-33S-33W
Fred Bloom/Norman Bloom*	35686	C 22-34S-34W
Ron Heger/C.R. Barber*	06912	SW 20-33S-37W
Henry Guttridge	06940	NE 19-33S-34W
Clifford Shuck/Gene Shuck*	06970	NW 20-33S-34W
Nick Hatcher	35685	SE 34-34S-34W
Gilbert Coulter	35702	SW 22-33S-38W
Darrell Skinner	35708	NW 21-33S-35W
Circle H Farms/Kirk W. Heger	35715	NE 21-33S-35W
Richard James	35710	NE 22-33S-36W
James Persinger/Marjorie Persinger	35731	NE 19-33S-36W
Circle H Farms/Kirk W. Heger	35734	SW 21-33S-37W
Charles Harper	35727	NE 22-33S-35W
Thomas Harper	35726	N/2 24-33S-35W
Chris T. Heger/Betty Lee*	35750	SW 21-33S-37W

<u>Meter Name</u>	<u>Meter Number</u>	<u>Meter Location</u>
Jason M. Dale/Kansas University Endowment Association*	35758	NE 20-33S-35W
Paul Light/R.C. Buddenburg*	06945	NE 26-33S-39W
Ronald K. Heger/J & T Heirs*	35767	NW 24-33S-36W
Darrell G. Skinner	35782	NE 20-33S-35W
<b><u>Domestic Customers:</u></b>		
Nick Hatcher/ G.L. Potroff*	35629	SE 34-34S-34W
Charles L. Forward	35775	NW 24-33S-35W
<b><u>Small Commercial Sales:</u></b>		
Supreme Feeders Co. ■	06848	SE 15-32S-33W
Hitch Unit Generator Fuel (APC)	35680	11-33S-34W
SWKI-Stevens-SE, Inc.	33374	
<b><u>Industrial/Wholesale Sales</u></b>		
Utilicorp United (City of Liberal) ■ --		
Quinque PNG Sales 1	55159	3-35S-34W
Quinque PNG Sales 2	55160	3-35S-34W
PNG Crossover 1	55148	3-35S-33W
PNG Crossover 2	55149	28-34S-33W
KSCB Radio Station	40533	34-34S-33W
Seward Co. Fire Station	40538	15-32S-33W
Utilicorp United (Cimarron Electric) ■ --		
Cimarron (West Plains) Electric	55183	
Panhandle Cimarron River	12262	
National Beef ■	55289	

Meter NameMeter NumberFuel Points:

Hugoton Gathering System Compressor Fuel (AESC) --	
Hugoton Station Fuel #1	77613
Hugoton Station Fuel #2	77614
Hugoton Station Fuel #3	77615
Hugs Station Fuel	77939
Hugs "A" Fuel	78035
Hugs "C" Fuel	78036
Wideawake Fuel	55286
West Woods Fuel	55257
East Woods Fuel	77596
West Ward 1 Fuel	77790
West Ward 2 Fuel	77792
HUGS "B" Fuel	78037
Central Booster Fuel	77711



**EXHIBIT "A" (CONTINUED)**

**ACTIVE METERS ON HUGOTON GATHERING SYSTEM  
PREVIOUSLY SERVED BY ANADARKO GATHERING COMPANY  
UNDER ITS LIMITED CERTIFICATE,  
NOW TO BE SERVED BY ANADARKO NATURAL GAS COMPANY  
(WILL BE SERVED WITH WET GAS)**

<u>Meter Name</u>	<u>Meter Number</u>	<u>IGSA Number</u>
<u>Irrigation Meters:</u>		
Ivan Headrick/J.S. Grover & C. Grover*	6554	#2
Nick R. and R.L. Hatcher	6621	#249
H. E. Box	6643	#5
ROCO Inc.	6652	#8
Amigo Feeders/Amigo Ranch*	6673	#11
Jennifer Black/G. Black*	6674	#12
Bill Hittle/F. J. Keefer*	6740	#15
R. L. Hatcher (prior E.A. Gowers)	6738	#16
R. Swann	6737	#17
W. B. Fox	6783	#19
Richard Farrar/W. L. Farrar*	6784	#20
Wes Coats/E. B. James*	6808	#26
F. Bloom/E.J.B. Crowder & M. H. Bush*	6635	#27
J. D. Marteney	6916	#43
James B. Kramer/Pelajo Properties*	6956	#56
Ivan Headrick/J. S. Grover*	6961	#2
Ed Strickland/D. E. Strickland*	35616	#80
Abram Friesen (prior F.W. Stefan)	6632	#274
Harden Farms	6736	#14

<u>Meter Name</u>	<u>Meter Number</u>	<u>DGSA Number</u>
<b><u>Domestic Customers:</u></b>		
Clodfelter, Wayne	6780	#305
Hammock, Ralph/Eugene McAhren*	6675	#304
Hammock, Ralph (McBride)/C. S. Corell*	6857	#303
Smith, James F.	35628	#302
R. L. Hanson	6960	#306
<b><u>Industrial/Wholesale Sales:</u></b>		
Utilicorp United (City of Liberal) --		
Liberal 1-32	55115	
Liberal "B" 1-32	55117	
Garrettsville Station	55242	

Revised 08/03/2000

# **Exhibit**

**4**

1 it hits our HRDS system. No, we need to keep this to  
2 run all our compressors.

3 COMMISSIONER FEIST ALBRECHT: So the  
4 elliptical area, the divestiture section, is what is  
5 purported to be served by Black Hills should this  
6 acquisition be approved by this Commission?

7 MR. JOHNSON: Yes, ma'am.

8 COMMISSIONER FEIST ALBRECHT: And so if  
9 Anadarko were to keep -- if the Commission did not  
10 approve this transaction and this acquisition and  
11 these assets remained with Anadarko, you then would be  
12 operating this at least for -- until such time as you  
13 found another buyer?

14 MR. JOHNSON: Yes, ma'am. I mean we'll  
15 continue to -- we will continue to serve the  
16 customers. But we will, we will go forward with this  
17 blind flange here just west of Hugoton Station, and we  
18 will be bringing supply in --

19 COMMISSIONER FEIST ALBRECHT: I don't  
20 know if you know the answer to this question, but is  
21 the nature of the limit certificates that you hold and  
22 the basis on which you have the contracts with the  
23 SWKs, you have an obligation to serve them. I mean  
24 can you readily just -- I mean if you were to  
25 terminate those contracts, could you?

1 already see I don't like this answer, but you can  
2 already see what shape it's in because we haven't paid  
3 the attentions we needed to. We aren't making money  
4 at this, so it's gotten in disrepair. Can I keep  
5 pouring money into this without some recoupment, and I  
6 don't think so. So something has to happen here if it  
7 stays in my custody.

8 COMMISSIONER FEIST ALBRECHT: Thank you.  
9 I don't have anything further.

10 CHAIRMAN SIEVERS: Were you here when I  
11 was asking about the gas gathering and transport  
12 systems? Can you help me understand what the  
13 difference is between a gas gathering system and a  
14 transport system.

15 MR. JOHNSON: Yes, sir. In our  
16 industry, we view gas gathering as relatively small  
17 diameter pipeline that is connected to wells, oil and  
18 gas wells, and is delivered to a central delivery  
19 point like compression, separation, processing plants.  
20 Transmission or transportation is relatively larger  
21 diameter pipe that does not directly connect with  
22 wellheads, to wells.

23 CHAIRMAN SIEVERS: And were you here  
24 when we discussed that at some point it was the nature  
25 of the system changed?

1 MR. JOHNSON: Yes. I have.

2 COMMISSIONER FEIST ALBRECHT: And you  
3 just have to give the requisite notice?

4 MR. JOHNSON: Correct.

5 COMMISSIONER FEIST ALBRECHT: And then  
6 they would be on their own to find their own supply of  
7 gas?

8 MR. JOHNSON: Yes.

9 COMMISSIONER FEIST ALBRECHT: And so  
10 Anadarko would serve whatever remaining customers they  
11 have and spread whatever costs are involved with this  
12 transaction to, to those customers?

13 MR. JOHNSON: Yes.

14 COMMISSIONER FEIST ALBRECHT: So because  
15 those limited certificates are basically contract  
16 based, you don't believe there is any separate  
17 obligation to, to serve as a public utility?

18 MR. JOHNSON: Not as a public utility,  
19 but as a good citizen. And we won't do that. I think  
20 we have indicated to Staff before. They asked me once  
21 what would happen if they didn't come to contract  
22 terms, and the answer is we will. We will serve them.  
23 I don't want to, but we will. I mean we have been  
24 here too long to, to let this happen. But, but I  
25 don't know that I can continue to keep -- you can

1 MR. JOHNSON: Yes, it has.

2 CHAIRMAN SIEVERS: What changed?

3 MR. JOHNSON: During the course of the  
4 life of this asset, wet, unprocessed wellhead gas  
5 becomes a problem to burn. You know, it's not blue  
6 flame like in your home. It's not that sparkle to it.  
7 It's not, it's not good. It's not odorized. And so  
8 our compressors in the field are also burning wet gas,  
9 natural gas. But as natural gas liquid over the  
10 course of these few years has really been increasing  
11 in value, and so from a burn standpoint and from a  
12 value standpoint over the course of the years, certain  
13 portions of the pipe were taken out of gas gathering  
14 service and put into this type of service, still to  
15 maintain delivery to the customers and slowly  
16 migrating away from the wellhead. It didn't occur  
17 overnight.

18 CHAIRMAN SIEVERS: Okay. But your --  
19 these, these customers are responsible for odorizing  
20 the gas, is that correct?

21 MR. JOHNSON: I think we have some -- I  
22 don't remember. I think we, I think they have  
23 odorization at the city gates.

24 CHAIRMAN SIEVERS: Anadarko does?

25 MR. JOHNSON: I'm not sure. I'm not

# **Exhibit**

**5**

Kansas Corporation Commission  
Information Request

Request No: 19

Company Name            ANADARKO NATURAL GAS COMPANY            ANGG  
Docket Number        13-BHCG-509-ACQ  
Request Date            May 29, 2013  
Date Information Needed   June 6, 2013

RE: Follow up to Staff DR12A

**Please Provide the Following:**

Documentation showing the contracts in question were filed with the KCC.

Submitted By   Leo Haynos

Submitted To   James Zakoura

**Anadarko Response:**

In KCC Docket No. 08-ANGC-295-CCN, a review of all sales made by Anadarko was conducted by the KCC Staff. One group of customer sale contracts reviewed and on file with the Commission were those customer contracts filed as jurisdictional with the Commission, pursuant to KCC Docket No. 00-ANGG-218-COC. (See Ex. A-1.) The second group of customer sale contracts reviewed consisted of those customers who received gas from the Anadarko gathering system and were deemed non-jurisdictional customers. (See Ex. A-2.) Pursuant to Commission order in Docket No. 08-ANGC-295-CCN, these customers were also transferred to TKO. The third group of customer contracts reviewed by KCC Staff consisted of those customers retained by Anadarko and served under the limited, customer specific certificate issued in KCC Docket No. 00-ANGG-218-COC. (See responses to Staff DR Nos. 1 and 12.)

As part of KCC Docket No. 08-ANGG-295-COC, the Commission required all sale contracts listed on Exhibit A-1 and A-2 above to be deemed jurisdictional sales customers of TKO and be filed with the KCC. In addition, prior to approving the Purchase and Sale Agreement between Anadarko and TKO, the Commission required the agreement between Anadarko and TKO be amended and filed. (See attached amended agreement.)

The Anadarko sale contract to Liberal Gas Company, which then became Peoples Natural Gas Company, and thereafter became Black Hills Energy, has been on file with the Commission for an extended period. This sales agreement is further part of Black Hills' gas supply, which is subject to Black Hills' purchase gas adjustment clause. The Black Hill purchase gas adjustment clause is audited on a recurring basis by the Commission Staff.

SWKI was a party to the TKO matter and its contract has been on file with the Commission for an extended period, pursuant to the limited certificate issued in KCC Docket No. 00-ANGG-218-COC.

Anadarko's contract with National Beef has also been on file with the Commission for an extended period, pursuant to the limited certificate issued in KCC Docket No. 00-ANGG-218-COC.

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

**Verification of Response**

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

**CONTRACTS FILED AS JURISDICTIONAL AT THE KCC  
PURSUANT TO DOCKET NO. 00-ANGG-218-COC  
EXHIBIT A-1, Part A**

Meter No.	Customer
06705	Wayne Johnson/Thelma Morgan
06983	Nick R. Hatcher, et al
06670	David Strickland/Daniel Strickland
06941	Millie Corp.
06962	Millie Corp.
35682	Steve Harper/M and A Investment
35683	Roger Gilleapie/Ray A. Morgan
35686	Fred Bloom/Norman Bloom
06912	Ron Heger/C.R. Barber
06940	Henry Guttridge
06970	Clifford Shuck/Gene Shuck
35685	Nick Hatcher
35702	Gilbert Coulter
35708	Darrell Skinner
35715	Circle H Farms/Kirk W. Heger
35710	Richard James
35734	Circle H Farms/Kirk W. Heger
35750	Chris T. Heger/Betty Lee
35758	Jason M. Dale/Kansas University Endowment Association
06945	Paul Light/R.C. Buddenburg
35767	Ronald K. Heger/J & T Hairs
35782	Darrell G. Skinner
35629	Nick Hatcher / G.L. Potroff



Meter No.	Customer
35775	Charles L. Forward
6554	Ivan Headrick/J.S. Grover & C. Grover
6643	H. E. Box
6652	ROCO Inc.
6673	Amigo Feeders/Amigo Ranch
6674	Jennifer Black/G. Black
6740	Bill Hittle/F. J. Keefer
6738	R. L. Hatcher (prior E.A. Gowers)
6737	R. Swan
6783	W. B. Fox
6784	Richard Farrar/W. L. Farrar
6808	Wes Coats/E. B. James
6635	F. Bloom/E.J. B Crowder & M. H. Bush
6916	J. D. Martoney
6956	James B. Kramer/Pelajo Properties
6961	Ivan Headrick/J.S. Grover
35616	Ed Strickland/D. E. Strickland
6632	Abram Friesen (prior F. W. Stefan)
6736	Harden Farms
6780	Wayne Clodfelter
6675	Ralph Hammock/Eugene McAhren
6857	Ralph Hammock (McBride)/C. S. Corell
35628	James F. Smith
6960	R. L. Hanson
6941	Millie Corp
6962	Millie Cop. (Corp probably)

Meter No.	Customer
6554	Ivan Headrick/J.S. Grover & C. Grover
	Lloyd G. Stoner sold to Nick Hatcher Termination: 4/1/2000 Nick Hatcher New Contract 5/1/2000
	Amigo Feeders sold to Sunrise Agribusiness Inc. Termination 2/1/2001 Sunrise Agribusiness Inc. New Contract 4/1/2001
	Gerald and Pearl Elliot Cancellation Request 7/1/2000 Dean H. Simmons - Tenant
	Danny Gerrond of Gerrond Farms Cancellation Request 7/31/2000
	Frank J. Keefer (deceased) Cancellation Request 9/1/2000 Bill Hittle - Tenant

**EXHIBIT A-2**  
**NON KANSAS CORPORATION COMMISSION JURISDICTIONAL CUSTOMERS**  
**ACTIVE BILLING AND OTHERWISE**

<b>Meter Number</b>	<b>Name</b>	<b>Address</b>
35732	Gerrond Farms; c/o James C. Gerrond	HC01, Box 18A Hugoton, KS 67951
35720	Gerrond Farms; c/o James C. Gerrond	HC01, Box 18A Hugoton, KS 67951
Gall A-3H	Duane Gall	911 Carriage Estate Road 75092-4435
Kiowa Cattle B-1H (#35761)	Cattle Empire L.L.C.; C/o Paul J. Brown, Owner Manager	Rural Route 1, Box 109A Satanta, KS 67870
Stevens 1-17	Kirby B. Clawson	Rural Route 1, Box 65F Satanta, KS 67870
Cain 1-4	Peter York	HCR 1, Box 13B Sublette, KS 67877
Simmons 1-16	Tim Weber	PO Box 327 Sublette, KS 67877
Simmons 2X-16 Infill	Tim Weber	PO Box 327 Sublette, KS 67877
Orth 1-6	Larry Davis	PO Box 593 Sublette, KS 67877
35699	Littell Farms LLC (Sold to Roy Cox Per TC 6/28/06)	PO Box 257 Rolla, KS 67954
35704	Dale W. Easterwood	HC02, Box 45 Rolla, KS 67954
35725	Wayne Johnson	HC01, Box 48A Rolla, KS 67954
35717	David C. Light	PO Box 257 Rolla, KS 67954
35739	David C. Light	PO Box 257 Rolla, KS 67954

Meter Number	Name	Address
Towneley 1-34	Bill Boekhaus	PO Box 485 Richfield, KS 67953
Hayward J-2H	Daniels Hayward Farms c/o Marsha Hinch, Managing Partner and e/o Gerald Floyd, Agent	PO Box 1101 Elkhart, KS 67950
Hayward 1-36	Wayne Johnson	HC-02, Box 48 Rolla, KS 67954
Littell 1-25	Littell Farms LLC	PO Box 257 Rolla, KS 67954
35779	Claassen Farms; c/o Fred Claassen	Route 1, Box 72 Richfield, KS 67953
35780	Kenneth F. Horton	PO Box 875 Elkhart, KS 67950
6852	Bloom Horizons Inc.; c/o Fred Bloom	Route 1, Box 180 Liberal, KS 67901
35747	Blaser Brothers; c/o Paul D. Blaser	Route 2, Box 100 Turpin, OK 73950
Hitch K-1H	Cline Farms	Route 1, Box 163 Liberal, KS 67901
Morgan I-1H	Marilyn Franz; c/o Jay Hay	PO Box 2707 Liberal, KS 67901
Morgan G1-5	Franz Land Company; c/o Jay Hay	PO Box 2707 Liberal, KS 67901
Feather 1-31	Bill Dale Farms Partnership; c/o Bill Dale	PO Box 193 Hugoton, KS 67951
Malin 1-34	Darrell G. Skinner	Rural Route 1, Box 74 Hugoton, KS 67951
Morgan G1-5	Ron Oliver	Rural Route 2, Box 62 Satanta, KS 67870
Salley 1-33	Nick R. Hatcher	7 E. 11 <sup>th</sup> Street Liberal, KS 67901

Meter Number	Name	Address
35784	Carl Tedford; c/o Floyd Tedford, POA	130 E. Birch Liberal, KS 67901
Morgan J. Lease PL Tap	Lazy H. Cattle Co; c/o Ervin Hancock	1018 S. Adams Hugoton, KS 67951
Longcor 1-11	Scott Reiss	Route 1, Box 5 Plains, KS 67869
ISGA788 Steve Nix no meter #	Steve Nix	Route 1, Box 147 Liberal, KS 67901
6784	Stegman Farms; c/o Tron Stegman	815 Van Buren Hugoton, KS 67951
6956	James B. Kramer	1114 S. Monroe Hugoton, KS 67951
HGC #2	Larry D. Slomp	HC-01 Box 44A Hugoton, KS 67951
35681 Meter @ Parsons Shop	Darrel Johnson	HC-02 Box 48A Rolla, KS 67954
35688	Circle H Farms	PO Box 100 Hugoton, KS 67951
35689	David C. Light	PO Box 257 Rolla, KS 67954
35729	Kramer Seed Farms; c/o James B. Kramer	1114 S. Monroe Hugoton, KS 67951
35692	Circle H. Farms; c/o Kirk Heger	Route 1, Box 82 Hugoton, KS 67951
35698	Wheeler Farms Inc.; c/o Lewis Wheeler	Rural Route 1, Box 69 Hugoton KS 67951
35697	Mid America Cattle Co.; c/o Walter Beesley	PO Box 818 Hugoton, KS 67951
35696	Steven R. Davis	HC01, Box 1-B Hugoton, KS 67951

Meter Number	Name	Address
35694	Joel McClure	HC01, Box 29A Hugoton, KS 67951
35706	Gaskill Brothers; c/o Rodney L. Gaskill	PO Box 86 Hugoton, KS 67951
35724	David C. Light	PO Box 257 Rolla, KS 67951
35757	Gregg Grewell	PO Box 107E Hugoton, KS 67951
35786	Donald P. Grewell	Route 1, Box 107E Hugoton, KS 67951
35749	Donald P. Grewell	Route 1, Box 107E Hugoton, KS 67951
35703	Walter J. McClure	HC01, Box 29 Hugoton, KS 67951
35728	Wayne Reynolds	601 West City Limits Hugoton, KS 67951
35718	William D. Rector	HC01, Box 66 Hugoton, KS 67951
35723	Jerry D. Leonard	1110 S. Madison Hugoton, KS 67951
35742	Roger Gillespie	PO Box 337 Hugoton, KS 67951
35783	Ben McClure	HC-01, Box 3N Hugoton, KS 67951
35719	Donald S. Goering	1207 S. Monroe Hugoton, KS 67951
35736	Carlis & Bob Passmore	PO Box 297 Hugoton, KS 67951
35740	David C. Light	PO Box 257 Rolla, KS 67954
35746	Donald L. Olinger	HC01, Box 49F Hugoton, KS 67951

Meter Number	Name	Address
35751	Chris T. Heger	Route 1, Box 111D Hugoton, KS 67951
35752	Ronald L. Brewer	HC01, Box 9B Hugoton, KS 67951
35743 Needs new contract	Bill Hittle	HC01, Box 23 Hugoton, KS 67951
35771	Kelth Farrar & Sons; c/o Vance L. Farrar	HC01, Box 42AA Hugoton, KS 67951
35785	Steve Harper Farms Inc.;; c/o Steve K. Harper	Rural Route 1, Box 43A Hugoton, KS 67951
35753	Donald P. Grewell	Route 1, Box 107E Hugoton, KS 67951
35733	Gaskill Brothers; c/o Rodney L. Gaskill	PO Box 86 Hugoton, KS 67951
35777	Mid America Cattle Co.;; c/o Walter Beesley	PO Box 818 Hugoton, KS 67951
35789	Jimmy R. Hittle	HC01, Box 4A Hugoton, KS 67951
35768	Dean H. Simmons	801 S. Madison Hugoton, KS 67951
35756	Clifford S. Shuck	HC01, Box 65C Hugoton, KS 67951
35760	Donald Knier	PO Box 21 Hugoton, KS 67951
35764	Kramer Enterprises; c/o James B. Kramer	1114 S. Monroe Hugoton, KS 67951
35762	David C. Light	PO Box 257 Rolla, KS 67954
Curtis C-1H	Wesley E. Schmidt	Route 1, Box 32 Rolla, KS 67954
Comley A-1	Great American L.P.;; c/o Johnson & Johnson Operating	HC-02, Box 48 Rolla, KS 67954

Meter Number	Name	Address
Reynolds 1-12	Greg Grewell	Route 1, Box 107G Hugoton, KS 67951
K.U. Endowment C2-35	Wheeler Farms Inc.; c/o Lewis Wheeler	Rural Route 1, Box 69 Hugoton, KS 67951
Crawford 2-32	Kramer Seed Farms; c/o James Kramer	1114 S. Monroe Hugoton, KS 67951
Wheeler 1-35	Wheeler Farms Inc.; c/o Lewis Wheeler	Rural Route 1, Box 69 Hugoton, KS 67951
Bane A-2H Discharge	Roma Farms; c/o Steve Rome	HC-01, Box 18 Hugoton, KS 67951
Cunningham 1-34 Discharge	Martin D. Miller, Trustee; c/o Harold G. Lowrey	PO Box 1330 Woodward, OK 73802
Mobil B-1H Discharge	Jim Moss	1003 S. Adams Hugoton, KS 67951
Beavers A1-1 (#35695)	Mid America Cattle Co.; c/o Walter Beesley	PO Box 818 Hugoton, KS 67952
35735	Bill L. Hittle	HC01, Box 23 Hugoton, KS 67951
35693	Circle H. Farms; c/o Kirk Heger	Route 1, Box 82 Hugoton, KS 67951
35712	Chris T. Heger	Rural Route 1, Box 111D Hugoton, KS 67951
35713	David C. Light	PO Box 257 Rolla, KS 67954
35745	Clifford S. Shuck	HC01, Box 65C Hugoton, KS 67951
35741	Milton Gillespie	1502 S. Eisenhower Hugoton, KS 67951
Fowler 1-16	Mitchell Farms III - Well #74	PO Box 427 Elkhart, KS 67950



Meter Number	Name	Address
Woodward 1-4 (#35766)	Tim L. And Sherry R. Williams	Route 2, Box 107 Guymon, OK 73942
Haar 1-7	Lloyd E. Haar	PO Box 416 Elkhart, KS 67950
Klapmayer 1-25	Bill Haar	PO Drawer 1160 Elkhart, KS 67950
Nelson B1-27	Raymon Lunsford	Route 2, Box 123 Guymon, OK 73942
Strait 1-21	Dennis Ansley	Rural Route 1, Box 59 Liberal, KS 67901
APC WW 1&2 Disch	Gene Link	PO Box 97 Rolla, KS 67954
Salley 1-14	Nick R. Hatcher	7 E. 11 <sup>th</sup> Street Liberal, KS 67901
Orth A1-5	Rick Redd	701 Orth Avenue Sublette, KS 67877
Premier Farms	Premier 4 Farms	1709 Grandview East Garden City, KS 67846
CRS 16" (now ANGC HRDS)	Bill Dale Farms Partnership; c/o Bill Dale	PO Box 193 Hugoton, KS 67951
CRS 16" (now ANGC HRDS)	Rustin Wettstein	2791 Rt. 5 Liberal, KS 67901
	Tedford Family, LC c/o Floyd Tedford, Adm	130 E. Birch Liberal, KS 67901
	Paul W. Light	PO Box 286 Rolla, KS 67954
	Doris Timmons Karen Allen, Conservator	PO Box 639 Hugoton, KS 67851
	Mr. Warren Willis	814 S. Jackson Hugoton, KS 67951

Meter Number	Name	Address
	Ricky L. Nix (There is a Steve Nix on spreadsheet, but there is a different address)	Rural Route #2, PO Box 86B Liberal, KS 67901
	Troy & Eric Cox	HC02, PO Box 47 Rolla, KS 67954
	Mr. Gerald Hull	307 S. Jackson Hugoton, KS 67951
	Milton Gillespie	HC1, PO Box 6B Hugoton, KS 67951 (There are 3 different addresses for this person)
	Mr. Shannon Crawford	707 S. Polk Hugoton, KS 67951
	Vance & Bobbie Farrar	2980 Rolling Wood Loop Colorado Springs, CO 80918
	Galen Brachelsen	HC-01, PO Box 62B Hugoton, KS 67951
	Haer-Christon Trust City National Bank & Trust	PO Box 410 Guymon, OK 73942
	Kathryn M. Curtis	HC-01, PO Box 5 Hugoton, KS 67951
	Jack Hayward	PO Box 797 Elkhart, KS 67954
	Hitch Land & Cattle Company	PO Box 1576 Liberal, KS 67901
	Peoples Natural Gas to Seward County Fire Station	
	Peoples Natural Gas to KSCB Radio and others	
77726 Mitchell Farms Irrigation	Mitchell Farms #3; c/o Kenneth Mitchell	

Jurisdictional Customers Remaining with Anadarko  
A-1, Part C

Meter No.	Customer Name
55159	Utilicorp United (City of Liberal) Quinque PGN Sales 1
55160	Quinque PGN Sales 2
55148	PNG Crossover 1
55149	PNG Crossover 2
40533	KSCB Radio Station
40538	Seward Co. Fire Station
55183	Utilicorp United (Cimarron Electric) Cimarron (West Plains) Electric
12262	Panhandle Cimarron River
55289	National Beef
77613	Hugoton Gathering System Compressor Fuel (AESC) Hugoton Station Fuel #1
77614	Hugoton Station Fuel #2
77615	Hugoton Station Fuel #3
77939	Hugs Station Fuel
78035	Hugs "A" Fuel
78036	Hugs "C" Fuel
55286	Wideawake Fuel
55257	West Woods Fuel
77596	East Woods Fuel
77790	West Ward 1 Fuel
77792	West Ward 2 Fuel
78037	HUGS "B" Fuel
77711	Central Booster Fuel
55115	Utilicorp United (City of Liberal) Liberal 1-32

Meter No.	Customer Name
55117	Liberal "B" 1-32
06848	Supreme Feeders Co.
33374	SWKI-Stevens-SE, Inc.
33524	SWKI-SEWARD-West Central, Inc.; c/o Jason Hitch, President
33546	SWKI-Seward-West-2
33450	SWKI-STEVENS-North, Inc.; c/o Steven D. Rome, President
77720	SWKI-SPIKES-North, Inc.; c/o Keith G. Rome, President
55242	Garrettsville Station
Non Jurisdictional Customer Remaining with Anadarko	
	Supreme Cattle Feeders, LLC

# **Exhibit**

**6**

1 MR. HAYNOS: Good afternoon.

2 Q. Turning your attention to Staff's Report and  
3 Recommendation?

4 MR. HAYNOS: Yes, sir.

5 Q. Issued on July 11th, 2013. In particular I  
6 draw to your attention the section on Page 3 that  
7 deals with the status and disposition of customers  
8 connected to the HRDS and served by Anadarko?

9 MR. HAYNOS: Yes, sir.

10 Q. In particular I draw your attention to the  
11 paragraph that starts customer specific certificates  
12 were first granted. And my question there is does the  
13 Commission have filed with it any customer specific  
14 contracts by Anadarko in its files?

15 MR. HAYNOS: In the files I've seen, I  
16 have only found two in Staff's files. There may be  
17 that I am unaware of. We had a document that we  
18 received as of Wednesday this week that indicated we  
19 did have more, and I think Mr. Zakoura has included  
20 that in his package of information. So at one time  
21 many of these contracts were made available to Staff  
22 as of this -- I think the date on that letter was like  
23 2000?

24 Q. Okay. But were those contracts filed with  
25 the Commission for approval?

1                   MR. HAYNOS: They were filed with the  
2 Commission Staff as far as I could tell from the  
3 letter. That's all I have right now at this time.

4           Q. Do you have a copy of the contracts that  
5 were filed?

6                   MR. HAYNOS: I've not seen them yet. We  
7 just received this notice that there were additional  
8 contracts -- that additional contracts had been  
9 delivered to Staff on Wednesday this week. So I have  
10 not researched the files to see where they may be. At  
11 this time the only thing I can see of the seven  
12 customers that we have in this case, there's one for  
13 -- in our files for Stevens Southeast, SWKI-Stevens  
14 Southeast. There is one for Anadarko Energy Services  
15 Company with Anadarko Natural Gas Company. And  
16 there's one old docket reference that I assume is in  
17 our docket files in microfilm where the gas delivery  
18 contract with Peoples or Black Hills.

19           Q. The one there you referenced for  
20 SWKI-Stevens Southeast, though, is that, has that  
21 contract been filed with and approved by the  
22 Commission?

23                   MR. BERGMEIER: Asked and answered.

24                   CHAIRMAN SIEVERS: Well, I think he has  
25 answered the question. He has testified as to the

1 contracts he's seen in the files. There is some  
2 indication that there are additional -- if contracts  
3 would be available to Staff. I don't think he, he  
4 knows what's in the files.

5 MR. CARO: Okay. I didn't understand  
6 that he -- I understood that he did not know if the  
7 SWKI-Stevens Southeast contract had been filed and  
8 approved by the Commission.

9 CHAIRMAN SIEVERS: I think he's answered  
10 that they have been made available to Staff.

11 MR. HAYNOS: That's right. Staff has a  
12 copy of the SWKI-Stevens Southeast in its file. There  
13 is no correspondence with it. There is a copy of a  
14 contract there from 1998.

15 Q. When -- and I would point you to the second  
16 bullet point there in connection with providing gas  
17 service to future customers, Anadarko Natural Gas  
18 Company shall file all customer specific certificates  
19 and contract rate schedules for review by and approval  
20 by the Commission consistent with applicable Kansas  
21 statutes and regulations. Do you know if any  
22 contracts have been filed pursuant to that provision?

23 MR. BERGMEIER: That's been asked and  
24 answered.

25 MR. ZAKOURA: It's also asking for a



# **Exhibit**

**7**

1 CROSS EXAMINATION

2 BY MR. ZAKOURA:

3 Q. Good afternoon, Mr. Bell and Mr. Haynos. I  
4 am Jim Zakoura on behalf of Anadarko. And I have a  
5 few questions for each of you. May I first direct the  
6 question to Mr. Haynos?

7 MR. HAYNOS: Yes, please.

8 Q. I believe, Mr. Haynos, you indicated in your  
9 testimony just previously with Mr. Caro that you were,  
10 A, that you had a copy of the SWKI-Southeast contract  
11 in your files?

12 MR. HAYNOS: I have a copy of the  
13 SWKI-Stevens Southeast, correct.

14 Q. And that's the contract that we had talked  
15 about that was entered into in 1998, is that correct?

16 MR. HAYNOS: Yes.

17 Q. And I believe if I remember correctly, that  
18 was Exhibit 8 that was introduced by Mr. Flaherty  
19 yesterday. Now, you also indicated that I had  
20 provided you -- I don't know if you said I -- but you  
21 had been provided with a document that indicated there  
22 were additional contracts in the file of the  
23 Commission, is that correct?

24 MR. HAYNOS: Yes. I received that  
25 Monday morning of this week.

1 Q. And is that communication been presented to  
2 you as marked Joint Applicants' No. 15?

3 MR. HAYNOS: Yes, it is.

4 Q. And I think you indicated in your testimony  
5 that?

6 MR. CARO: Do we have a copy of that  
7 exhibit?

8 MR. ZAKOURA: It should be in the --  
9 (pause)

10 Q. (By Mr. Zakoura) This in fact carries with  
11 it, does it not, at the top a fax number from the  
12 utilities number at the Commission?

13 MR. HAYNOS: Yes, it does.

14 Q. And it does indicate in the first page  
15 received on 8/31/2000, is that correct, second line of  
16 the -- (pause)

17 MR. HAYNOS: I must be looking at  
18 something different. I see July 9, 2007.

19 MR. ZAKOURA: May I approach the witness  
20 a moment?

21 MR. HAYNOS: Yes, sir.

22 Q. Did you have a chance to review that and can  
23 you answer that?

24 MR. HAYNOS: Yes, I see the comment made  
25 by Dorothy Myrick, who is a former Staff member of the

1 KCC, where she says it includes a copy of Exhibit A,  
2 gas sales points received on August 31, 2000.

3 Q. I'm not going to ask you questions about the  
4 exhibit. But this is what you referred to in your  
5 testimony, and this is what you indicated might  
6 suggest to you that there were other contracts filed  
7 at the Commission in that time period?

8 MR. HAYNOS: There were contracts filed  
9 with Staff, yes. This is a beginning of some work we  
10 have to do to pour over where all these are.

11 Q. I appreciate that. And just to make sure  
12 that the exhibit is correct and to the Commission, it  
13 is 9 pages in length?

14 MR. HAYNOS: Yes.

15 MR. ZAKOURA: Thank you. May I move  
16 that that be admitted into the record of evidence in  
17 this case?

18 CHAIRMAN SIEVERS: Are there any  
19 objections? Hearing none, I would so order.

20 Q. (By Mr. Zakoura) Let me ask you if I could,  
21 and maybe it would be best if -- I will be brief.

22 MR. ZAKOURA: I am not going to take up  
23 the Commission's time. But there is an order on the  
24 administrative documents that I submitted, the order  
25 which is listed as 15 -- excuse me. The first one I

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PRACTICE IN KANSAS AND MISSOURI

CARSON M. HINDERKS

October 7, 2013

Ms. Kim Christensen  
Kansas Corporation Commission  
1500 SW Arrowhead Road  
Topeka, KS 66604

Received  
on

OCT 07 2013

Re: KCC Docket No. 14-ANNG-119-COM

by  
State Corporation Commission  
of Kansas

Dear Ms. Christensen:

Enclosed please find the original and eight copies of Anadarko Natural Gas Company's Motion to Dismiss and Answer to Complaint.

Please return a file-stamped copy of the above to the undersigned in the self-addressed, postage paid envelope provided.

Thank you for your assistance.

Very truly yours,



Carson M. Hinderks

For

SMITHYMAN & ZAKOURA, CHARTERED

CMH/dmw  
Encls.