

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Received
on

NOV 04 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

**REPLY OF ANADARKO NATURAL GAS COMPANY TO THE RESPONSE OF
SWKI-SEWARD WEST CENTRAL, INC. AND SWKI-STEVEN'S SOUTH EAST, INC.
TO ANADARKO'S MOTION TO DISMISS AND ANSWER TO COMPLAINT**

Anadarko Natural Gas Company ("ANGC") hereby submits its Reply to the October 21, 2013 Response of SWKI-Seward West Central, Inc. ("SWKI-SWC") and SWKI-Stevens Southeast, Inc. ("SWKI-SE") (collectively, "SWKI") to ANGC's Motion to Dismiss and Answer to Complaint. This Reply, restates in its entirety, all matters included in ANGC's Motion Dismiss and Answer filed on October 7, 2013. In support of this Reply and in addition to its October 7, 2013 Motion to Dismiss and Answer, ANGC states as follows:

Simply stated, the SWKI Complaint represents a blatant, extraordinary, and inappropriate attempt by SWKI to extract fifteen years of free gas (as well as substantial interest payments) from ANGC.¹ **No entity in the history of the Kansas Corporation Commission has ever argued that Kansas law provides for free natural gas and free delivery of said gas for fifteen years, or that the KCC has the lawful authority to order such relief. The SWKI position is, frankly, both ludicrous and highly offensive to ANGC and the KCC as an institution.**

¹ SWKI requests the Commission order that it is entitled to a "**full refund**, with interest" if ANGC cannot produce "a Commission Order referencing the NPU contracts by name, approving the same." ANGC would note that this request is not supported by the *Sunflower Pipeline Co.* case improperly relied upon by SWKI. There is no allegation by SWKI that ANGC did not comply with the terms of the ANGC-SWKI Agreements, or that the Commission Staff was not fully aware since 1998 of the ANGC-SWKI Agreements.

The record evidence clearly shows that ANGC provided natural gas service to SWKI-SE pursuant to a freely negotiated Gas Sales Agreement dated July 1, 1998 (“1998 Agreement”). ANGC also provided natural gas service to SWKI-SWC pursuant to a nearly identical, freely negotiated Gas Sales Agreement dated June 1, 2002 (“2002 Agreement”). At all times during its relationship with SWKI, ANGC precisely followed all mutually negotiated terms of the SWKI Gas Sales Agreements. Further, the 1998 Agreement and the 2002 Agreement provided for month-to-month terms. If SWKI-SE or SWKI-SWC were ever dissatisfied with any aspect of the natural gas service provided by ANGC, SWKI-SE or SWKI-SWC could have terminated (and renegotiated) their respective Agreements on thirty days notice. At no time from 1998 and 2002 to the present did either SWKI ever attempt to terminate its Gas Sales Agreement with ANGC.

A. There is No Question ANGC Submitted the 1998 SWKI Gas Sales Agreement to the Kansas Corporation Commission.

1. ANGC has provided the Commission and SWKI with clear and definitive evidence that the 1998 SWKI-SE Agreement was filed with the KCC pursuant to the Commission’s Order issued in Docket No. 00-ANGG-218-COC (“218 Docket”). On August 3, 2000, ANGC sent a transmittal letter, a listing of all gas sales points then served by ANGC (identified as Exhibit A), and forty-three individual gas sales agreements (including the 1998 SWKI-SE Agreement) to Mr. Gary W. Dawdy of the Utilities Division of the Commission.² ANGC’s August 3, 2000 letter referenced “Docket No. 00-ANGG-218-COC,” and the text of the letter clearly stated:

In accordance with the Order and Certificate issued on May 19, 2000 in the above referenced proceeding, Anadarko Natural Gas

² See August 3, 2000 Anadarko transmittal letter attached as Exhibit 3 to ANGC’s Motion to Dismiss and Answer. A copy of the same has also been attached hereto as Exhibit A.

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 letter goes on to request that the "*Commission* maintain the confidentiality of the Contracts by prohibiting the disclosure of any of the provisions of the Contracts to any third parties." The ANGC letter also requested the Commission return a "date-stamped copy of *this filing*" at its earliest convenience. The letter was date-stamped by the Kansas Corporation Commission Utilities Division on August 4, 2000.³

2. Exhibit A, attached to ANGC's August 3, 2000 transmittal letter, lists all gas sales points served by ANGC as of August 3, 2000.⁴ As described in ANGC's August 3, 2000 letter, certain Contracts listed on Exhibit A were "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." Exhibit A clarifies that these previously filed contracts, not attached to the August 3, 2000 transmittal letter, were identified on Exhibit A by placing a small black box (i.e., "■") by the Meter Name. The August 3, 2000 ANGC transmittal letter also identifies four contracts that were not attached to Exhibit A due to age or other factors.

³ The Commission and its Utilities Division had accepted official Anadarko filings prior to Docket No. 00-ANGG-218-COC. Attached as Exhibit B, Anadarko, by letter sent to Mr. Glen Smith of the Utilities Division on December 18, 1998, requested a waiver of the Commission's odorant sampling requirements. Following receipt of Anadarko's letter, the Utilities Division of the Commission opened Docket No. 99-AGCG-461-GGP on January 19, 1999. An Order approving the requested waiver was issued by the Commission on February 1, 1999. ANGC is without knowledge and cannot speak to why a similar filing was not made by the Utilities Division following receipt of ANGC's August 3, 2000 transmittal letter.

⁴ See Exhibit A.

3. SWKI-Stevens-SE, Inc. (Meter Number 33374) is listed on the second page of Exhibit A. There is *not* a small black box next to the SWKI-Stevens-SE, Inc. meter name. SWKI-Stevens-SE, Inc. is also *not* one of the four contracts identified by the August 3, 2000 transmittal letter as omitted from the filing due to its age. Accordingly, the SWKI-SE contract was clearly “submit[ted] for filing with the Kansas Corporation Commission” on August 3, 2000, in accordance with the Commission’s Order in the 218 Docket.

4. On July 7, 2009, KCC Staff member, Dorothy Myrick, confirmed by fax that forty-three ANGC gas sales agreements were attached to the August 3, 2000 letter and were submitted to the Commission with Exhibit A. The second page of Ms. Myrick’s July 9, 2007 fax includes a listing of items related to Anadarko gas sales point contracts received by the Commission from August of 2000 through July 19, 2001. The first entry on the Commission’s listing indicates that the Commission received a “[l]ist of gas sales points submitted by Anadarko in accordance with the Order and Certificate issued on May 19, 2000. Forty-three contracts were submitted as ‘Exhibit A.’” Importantly, the listing provided by Ms. Myrick on July 9, 2007 states that the ANGC filing was “*Received by the Commission*” on August 3, 2000.⁵

5. The 1998 SWKI-SE Agreement was not filed with the Commission prior to the 218 Docket because the delivery point to SWKI-SE was on a gathering system and the SWKI-SE Gas Sales Agreement was served by Anadarko Energy Services Company (“AES”)—a non-

⁵ At no time did the Commission or its Staff raise as an issue or request that the forty-three ANGC gas sales agreements also be filed with the Executive Director. The Commission clearly received the agreements and retained the same for the last thirteen years. There is no Kansas statute or regulation, including those cited by SWKI, that limits service or filing in all cases to the Executive Director. There is absolutely no factual dispute that the agreements are in the KCC files.

jurisdictional entity.⁶ Until the Anadarko Gathering System and Cimarron River System were reconfigured into the HRDS shortly before 218 Docket, AESC provided SWKI-SE natural gas pursuant to the 1998 Agreement on Anadarko Gathering Company's "16-inch gathering line." As the Commission is undoubtedly aware, gas gathering systems are excluded from the definition of "public utility," and are almost entirely outside the jurisdiction of the Commission.⁷ K.S.A. 66-105a(b) and K.S.A. 55-1,111 grant the Commission only partial jurisdiction over entities providing end users with natural gas from a gathering system. This partial jurisdiction is primarily limited to health, safety, and supply curtailment issues, and must be either raised by the Commission *sua sponte* or by the end user via a complaint.

6. Contrary to the contentions set forth in the SWKI Response, AESC had no obligation to file the 1998 SWKI-SE Agreement prior to the 218 Docket. SWKI cites K.S.A. 55-1,102 to support its position that the 1998 SWKI-SE Agreement with AESC should have been filed with the Commission immediately upon execution. However, K.S.A. 55-1,102 is entirely inapplicable to the natural gas service provided by AESC to SWKI-SE. In fact, a simple review of K.S.A. 55-1,102 reveals that the statute only requires an entity engaged in gas gathering to file certain information related to the entity's actual gathering operations, not its provision of natural gas via a delivery point and private contract. Specifically, K.S.A. 55-1,102 requires a gas gatherer to file with the Commission copies of:

- (1) ***Rates paid for natural gas purchased at the wellhead*** by the person offering gas gathering services; (2) all ***rates charged for gas gathering services*** offered by such person; and (3) such data

⁶ Irrespective of the situation expressed by various parties at various times since 2000—including ANGC—that the 1998 SWKI-SE Agreement arguably became KCC jurisdictional with the reconfiguration of the HRDS, the fact remains that AESC is not, and has never been, subject to KCC jurisdiction. By its Complaint, SWKI is requesting the KCC exercise jurisdiction over a party that the KCC does not have, nor ever had, jurisdiction.

⁷ K.S.A. 66-105a(a)

related to the *characteristics of the gas* purchased or gathered by the person offering gas gathering services and such information regarding the terms and duration of the contract as the commission determines necessary.⁸

7. The 1998 SWKI-SE Agreement provided for generic natural gas service from the AGC gathering system. AESC, through the 1998 Agreement or any other contract, did not provide SWKI-SE with any gas gathering services, nor purchase any quantity of gas at the wellhead specifically for use by SWKI-SE. Accordingly, K.S.A. 55-1,102 has no application or relevance to the 1998 SWKI-SE Gas Sales Agreement. The 1998 Agreement was properly and timely filed pursuant to the Order in the 218 Docket.

B. The SWKI Complaint Alleges No Harm, As ANGC Precisely Followed All Mutually Negotiated Contract Terms While Providing SWKI-SE and SWKI-SWC Natural Gas Service For Fifteen and Eleven Years.

8. ANGC has provided SWKI-SE and SWKI-SWC with natural gas service in strict compliance with the freely negotiated terms of each SWKI Agreement at all times. Accordingly, the SWKI Complaint does not allege that ANGC has ever caused SWKI any harm or financial loss. In fact, Kirk Heger, president of SWKI-SE, testified at the Evidentiary Hearing in Docket No. 13-BHCG-509-ACQ ("509 Docket") that ANGC has always performed in accordance with the terms of the 1998 Agreement. Specifically, Mr. Heger testified as follows:

Q. Do you contend that at any time during these 15 years that either you or Anadarko have not performed exactly as called for under this contract?

A. No, I do not contend that.

Q. You don't contend that there has been any nonperformance?

⁸ K.S.A. 55-1,102(a) (emphasis added).

A. No.⁹

Similarly, Jason Hitch, president of SWKI-SWC, testified at the Evidentiary Hearing in 509 Docket that he had no “objection to the contract at all.”¹⁰

9. Mr. Hitch further testified during the 509 Docket as to the reasonableness of the freely negotiated delivery rate of \$0.50 per MMBtu included as part of the 2002 Agreement between SWKI-SWC and ANGC. In response to ANGC cross examination, Mr. Hitch stated:

Q. And may I direct your attention further to 4.1(b) ii, if I could?

A. Okay.

Q. And that indicates a 50 cent per MMBtu charge, is that correct?

A. It does.

Q. And did you believe that charge to be fair and reasonable at the time you entered into the contract, June 1, 2002?

A. I did. It's the only thing I had going, and it seemed reasonable to take it, what we had.

Q. And this contract – so that's at the beginning of the contract, right, June 1 of 2002 forward? Now, have you made any complaint about that 50 cent charge throughout the period, the 134 months from June 1 of 2002 to the current time?

A. I don't believe I've made any complaint. At least I haven't personally.¹¹

⁹ Transcript of Evidentiary Hearing at 351, Docket No. 13-BHCG-509-ACQ. Cited page of the transcript is attached hereto as Exhibit C.

¹⁰ Transcript of Evidentiary Hearing at 405-6, Docket No. 13-BHCG-509-ACQ. Cited page of the transcript is attached hereto as Exhibit D.

¹¹ Transcript of Evidentiary Hearing at 403-4, Docket No. 13-BHCG-509-ACQ. Cited page of the transcript is attached hereto as Exhibit E.

10. Mr. Heger also testified during the 509 Docket as to the reasonableness and SWKI-SE's acceptance of the \$0.50 per MMBtu delivery charge at the time the 1998 Agreement was executed. Specifically, Mr. Heger testified as follows:

Q. And in that 4.1(b), the ii section, it refers to 50 cents per MMBtu, do you see that?

A. Yes.

Q. And is that the 50 cents you were talking about as the – I can't recall exactly what you called it, the margin or the rate per MMBtu for the NPU?

A. Yes.

Q. And this rate we have established from your earlier testimony has not changed from July 1 of 1998 through September 6 of 2013, is that correct?

A. Yes.

Q. Now, we indicated earlier that you had signed this contract on behalf of the NPU, correct?

A. Yes.

Q. And you agreed with all the terms and conditions in that contract, is that correct?

A. I signed it, yeah.¹²

11. The sworn testimony of SWKI-SE president, Kirk Heger, and SWKI-SWC president, Jason Hitch, firmly establishes that SWKI's inability to locate a "Commission Order referencing the NPU contracts by name" has not harmed SWKI in any manner whatsoever. Both

¹² Transcript of Evidentiary Hearing at 346, Docket No. 13-BHCG-509-ACQ. Cited page of the transcript is attached hereto as Exhibit F.

Mr. Heger and Mr. Hitch, signatories to their respective SWKI Gas Sale Agreements, testified that ANGC has at all times provided SWKI-SE and SWKI-SWC with natural gas service according to the freely negotiated terms of the 1998 and 2002 Agreements. Moreover, both of the signatories to the 1998 SWKI-SE Agreement and the 2002 SWKI-SWC Agreement testified that they believed the \$0.50 per MMBtu delivery rate to be reasonable at the time their Gas Sales Agreements were executed.

12. SWKI-SE and SWKI-SWC freely and independently agreed that a \$0.50 per MMBtu delivery charge for natural gas was reasonable in 1998 and 2002, respectively.¹³ Since 1998 and 2002, both SWKI-SE and SWKI-SWC have willingly paid ANGC the same, freely negotiated \$0.50 per MMBtu delivery charge for natural gas service on the HRDS. At no time, prior to the instant Complaint, has SWKI-SE or SWKI-SWC complained to the Commission or to ANGC regarding any aspect of the 1998 or 2002 Agreements, ANGC's provision of natural gas, or the \$0.50 per MMBtu SWKI delivery charge.

13. The SWKI Complaint merely represents an attempt by SWKI to retroactively extract fifteen years of free gas (and substantial interest payments) from ANGC. SWKI-SE and SWKI-SWC have each enjoyed fifteen and eleven years of unchanged and reasonable natural gas delivery rates. During this time, SWKI was fully aware that ANGC provided natural gas service to all customers on the HRDS pursuant to privately negotiated gas sales agreements.

14. It was not until after the Staff filed its Report and Recommendation ("R&R") in the 509 Docket, that indicated Staff had been unable to locate any Commission "Orders

¹³ It should be noted that the \$0.50 per MMBtu delivery charge was in-line with other southwest Kansas natural gas delivery rates at the time each contract was executed. See Exhibit G. *Comments of The Southwest Kansas Irrigation Association, Inc.*, Docket No. 99-GIMC-194-GIG, at 5 (In 1995, Utilicorp United, Inc., Peoples Natural Gas Division, charged certain southwest Kansas irrigation customers rates of \$0.48, \$0.617, and \$0.696 per MMBtu).

approving the gas sales contracts for the customers”¹⁴ served by the HRDS, that SWKI filed the instant Complaint. It appears that Staff’s statement in its R&R was, in SWKI’s view, its opportunity to retroactively collect fifteen years of free gas before SWKI’s service was transferred to the higher Black Hills tariff rate. When considered in concert with SWKI’s sworn testimony regarding the reasonableness of the ANGC delivery charge and ANGC performance under each Gas Sales Agreement, it is clear the SWKI Complaint is not motivated by a concern for regulatory oversight. Instead, the SWKI Complaint is filed exclusively for its own financial gain.

C. The Sunflower Pipeline Case Is Easily Distinguishable and Entirely Inapplicable In This Case.

15. The *Sunflower Pipeline* case¹⁵, exclusively relied on by SWKI to support its claim to a full refund of all amounts paid for ANGC natural gas service, is entirely inapplicable to the case at bar. In *Sunflower*, Sunflower Pipeline Company supplied thirty farmers with natural gas pursuant to a single, Commission approved rate.¹⁶ Following Commission approval of its single irrigation rate, Sunflower unilaterally implemented a rate increase for its irrigation service.¹⁷ The Company then entered into individual service contracts at the increased, unapproved rate with any customer willing to agree to such increase.¹⁸ Finally, upon a complaint filed by a Sunflower customer, the Commission found that Sunflower Pipeline failed to comply with the provisions of K.S.A. 66-117.¹⁹ The Commission held that under K.S.A. 66-117, Sunflower had a duty to file the new contracts with the Commission prior to increasing its single, Commission approved

¹⁴ Staff Report and Recommendation, Docket No. 13-BHCG-509-ACQ, at 3.

¹⁵ *Sunflower Pipeline Co. v. State Corp. Comm’n*, 5 Kan.App.2d 715 (1981).

¹⁶ *Id.* at 716.

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ *Id.*

irrigation rate.²⁰ The Commission ordered Sunflower to “refund to all retail customers the amount actually received by Sunflower over the previously approved rate . . . plus interest.”²¹

16. The *Sunflower Pipeline* case is easily distinguishable from this case and does not support, in any way whatsoever, the imposition of a refund to SWKI for fifteen and eleven years of natural gas service. In *Sunflower*, Sunflower Pipeline was authorized by the Commission to charge its irrigation customers one rate for natural gas service. In stark contrast, ANGC supplies its customers with natural gas service on the HRDS pursuant to a Commission approved Limited Certificate. ANGC’s Limited Certificate allows the Company to provide natural gas service according to individual, customer-specific, and freely negotiated gas sales agreements. Therefore, unlike Sunflower Pipeline, ANGC is authorized by the KCC to charge individual customers on the HRDS different contract rates for natural gas service. ANGC’s individual contract rates are first established via private and free negotiation with each customer. The negotiated contracts are then submitted to the Commission for review and approval. All ANGC customer contracts have been submitted to the Commission.

17. Further distinguishing *Sunflower Pipeline* from the instant case is the fact that ANGC has timely filed all HRDS contracts for review and approval by the Commission. As described above, the 1998 SWKI-SE Agreement was filed on August 3, 2000 in accordance with the Commission Order in the 218 Docket.²² Similarly, as described in ANGC’s Motion to Dismiss and Answer to SWKI’s Complaint, the 2002 SWKI-SWC Agreement was filed with the Commission shortly after execution, and again as part of multiple ANGC dockets before the KCC. ANGC’s actions in regard to both SWKI Agreements—i.e., ANGC’s multiple filings with

²⁰ *Id.*

²¹ *Id.*

²² Exhibit A.

the Commission—are the exact opposite of those taken by Sunflower Pipeline—i.e., failing to file its unauthorized contracts with the Commission. Accordingly, contrary to the allegations advanced by SWKI, *Sunflower Pipeline* does not support the imposition of a refund of any amount paid by SWKI for ANGC natural gas service.

18. Even if (for argument’s sake only) one was to accept SWKI’s flawed contention that there was no Commission Order expressly identifying the 2002 SWKI-SWC Gas Sales Agreement, and therefore the Agreement was not filed with or approved by the Commission, *Sunflower Pipeline* still would not support the imposition of a refund. This is because the prescribed remedy ordered by the Commission in *Sunflower Pipeline* was a refund of “the amount actually received by Sunflower *over the previously approved rate.*”²³

19. As extensively detailed above and in ANGC Motion to Dismiss and Answer, the 1998 SWKI-SE Agreement was clearly filed with and approved by the Commission pursuant to the 218 Docket. Accordingly, the \$0.50 per MMBtu delivery charge constitutes a Commission approved rate. All terms of the 1998 SWKI-SE Agreement and 2002 SWKI-SWC Agreement are nearly identical, and the pricing provisions—including the \$0.50 per MMBtu delivery charge—of the Agreements are identical. Therefore, according to *Sunflower Pipeline*, if the 2002 SWKI-SWC Agreement was not approved by the Commission, SWKI-SWC would be entitled to a refund of all amounts collected over the “previously approved rate.” Because the \$0.50 per MMBtu delivery charge of the 1998 SWKI-SE Agreement is the “previously approved rate,” SWKI-SWC’s refund would be any amount ANGC collected over the \$0.50 per MMBtu delivery charge, or zero dollars.

²³ *Sunflower Pipeline Co.*, 5 Kan.App.2d at 716 (emphasis added).

D. Ordering ANGC to Refund All Amounts Paid by SWKI for Natural Gas Service For Fifteen and Eleven Years Would be Entirely Unlawful, Improper, Inequitable, and Unjustly Enrich SWKI.

20. An order requiring ANGC to refund SWKI-SE and SWKI-SWC all amounts paid for natural gas service provided by ANGC and willfully received by SWKI pursuant to the 1998 and 2002 Agreement would be unlawful, highly improper, clearly inequitable, and would unjustly enrich SWKI at ANGC's sole and substantial expense. SWKI-SE and SWKI-SWC freely negotiated the terms of their individual Gas Sales Agreements. These freely negotiated Agreements included a delivery charge of \$0.50 per MMBtu. The presidents of SWKI-SE and SWKI-SWC each testified during the 509 Docket that this delivery charge was reasonable.²⁴ SWKI-SE and SWKI-SWC willfully received and paid for natural gas service pursuant to their ANGC Gas Sales Agreements for fifteen and eleven years, respectively. During this time, SWKI-SE and SWKI-SWC resold the gas they received from ANGC to SWKI customers. At no time prior to this case did SWKI-SE or SWKI-SWC ever file a complaint with the Commission or with ANGC regarding any aspect of ANGC's service under the Gas Sales Agreements.

21. Finally, no Kansas statute or regulation permits the KCC to order free delivery of a free commodity to any customer or ratepayer. Indeed, the KCC is required to permit the recovery of the reasonable commodity cost and a reasonable amount for delivery of the commodity. Otherwise, the KCC would be involved in the ordered confiscation of another party's property—which it would not and cannot order.

22. Now, SWKI-SE and SWKI-SWC essentially seek a Commission Order requiring ANGC to retroactively provide the irrigators with free gas (and substantial interest payments) for

²⁴ See Exhibit E and Exhibit F.

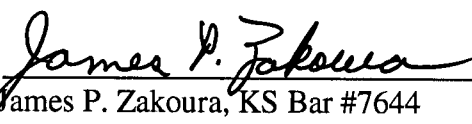
fifteen and eleven years. A Commission Order to this effect, based only upon SWKI's inability to locate "a Commission Order referencing the [SWKI] contracts by name" would constitute a clear unjust enrichment of SWKI. This is especially true given that SWKI-SE and SWKI-SWC each testified that they received every benefit of the freely negotiated Gas Sales Agreements. Additionally, the KCC Staff noted in its R&R issued in the 509 Docket that "[i]t is also clear to Staff that ANGC believes and has always treated the customers as Certificated public utility customers."²⁵

WHEREFORE, Anadarko Natural Gas Company respectfully requests the Commission dismiss, or in the alternative deny the SWKI Complaint. As discussed in this Reply and in ANGC's Motion to Dismiss and Answer, the allegations of the SWKI Complaint are based entirely upon a willfully incomplete investigation, wholly inapplicable Kansas law, and allege no harm. SWKI-SE and SWKI-SWC have each testified that they received every benefit of the freely negotiated 1998 and 2002 Agreements. To retroactively order ANGC to provide SWKI free gas and free natural gas delivery for fifteen years would be extremely improper, clearly inequitable, and would constitute an illegal taking under Kansas law.

²⁵ Staff Report and Recommendation, Docket No. 13-BHCG-509-ACQ, at 4.

Respectfully submitted,

SMITHYMAN & ZAKOURA, CHARTERED

By:  _____
James P. Zakoura, KS Bar #7644
Carson M. Hinderks, KS Bar #25079
750 Commerce Plaza II
7400 West 110th Street
Overland Park, KS 66210-2362
Telephone: (913) 661-9800
Facsimile: (913) 661-9863
Email: jim@smizak-law.com
carson@smizak-law.com

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

SUBSCRIBED AND SWORN to before me this 4th day of November, 2013.



Notary Public

My Appointment Expires:

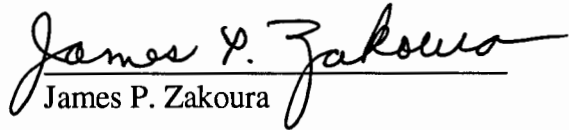
08-31-2014



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 November 4, 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. Zakoura

Exhibit

A



Dorothy's working copy

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR
BRIAN J. MOLINE, CHAIR
ROBERT E. KREHBIEL, 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 8/31/2000.

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 Arnigo 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) 874-3425 • FAX (281) 874-3424 • TEL (281) 875-1101
17001 NORTHCHASE DRIVE • P.O. BOX 1330 • HOUSTON, TEXAS 77251-1330



THOMASINE 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

\\data01\user\rtipoon\data\winword\kcc-hrds-contracts-ltr.doc

- * 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
<u>Domestic Customers:</u>		
Nick Hatcher / G.L. Potroff*	35629	SE 34-34S-34W
Charles L. Forward	35775	NW 24-33S-35W
<u>Small Commercial Sales:</u>		
Supreme Feeders Co. ■	06848	SE 15-32S-33W
Hitch Unit Generator Fuel (APC)	35680	11-33S-34W
SWKI-Stevens-SE, Inc.	33374	
<u>Industrial/Wholesale Sales</u>		
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 Name

Meter Number

Fuel 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. Swan	6737	#17
W. B. Fox	6783	#19
Richard Farrar/W. L. Farrar*	6784	#20
Wes Coats/E. E. 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>
<u>Domestic Customers:</u>		
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
<u>Industrial/Wholesale Sales:</u>		
Utilicorp United (City of Liberal) ■ ..		
Liberal 1-32	55115	
Liberal "B" 1-32	55117	
Garrettsville Station	55242	

Revised 08/03/2000

Exhibit

B

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

In the Matter of the Request of Anadarko Petroleum Corporation for Waiver of the Requirements of K.A.R. 82-11-4(ee) for the Cimarron River Natural Gas Gathering System.

)
)
)
)

Docket No.
99-AGCG-461-GGP

STATE CORPORATION COMMISSION

JAN 19 1999

David J. Heinemann Docket Room



G.B. (JERRY) SMITH
DIVISION OPERATIONS MANAGER

December 18, 1998

STATE CORPORATION COMMISSION

Kansas Corporation Commission
1500 SW Arrowhead Road
Topeka, KS 66604-4027

JAN 19 1999

Attn: Mr. Glenn Smith

David J. Harrison Docket Room

Re: Request for modification to requirements under K.A.R. 82-11-4(ee)

Dear Mr. Smith:

Anadarko Petroleum Corporation (Anadarko) kindly requests a modification to the odorant sampling requirements under K.A.R. 82-11-4(ee) for the jurisdictional domestic taps in Anadarko's Cimarron River natural gas gathering System (CRS). Anadarko currently conducts sampling on a frequency of five percent of the total number of CRS taps each month. In lieu of the five percent per month procedure, Anadarko proposes to sample all of the CRS taps a minimum of once per calendar year.

The CRS possesses only seven jurisdictional domestic taps, which necessitates a monthly sampling of one tap each month to meet the current minimum requirement of five percent per month. Allowing Anadarko to sample all seven taps on a frequency of once each calendar year will provide a more efficient use of resources, without compromising safety. If you have any questions regarding this request, please contact me at (316) 629-4335. Your consideration of this request is greatly appreciated.

Very truly yours,

G. B. Smith
Division Operations Manager
/ers

UNITED DIVISION

Exhibit

C

1 Q. Do you contend that any time during these 15
2 years that either you or Anadarko have not performed
3 exactly as called for under this contract?

4 A. No, I do not contend that.

5 Q. You don't contend that there has been any
6 nonperformance?

7 A. No.

8 Q. Mr. Heger, may I please direct your
9 attention to Exhibit No. 10?

10 MR. CARO: Which one?

11 MR. ZAKOURA: 10.

12 Q. (By Mr. Zakoura) Do you have that before
13 you, sir?

14 A. Yes.

15 Q. Now, we mentioned and discussed Exhibit No.
16 9 which was the Application of SWKI Southeast, is that
17 correct?

18 A. Yes.

19 Q. And I now ask you if you have before you 10,
20 and is that entitled a Certificate and Order, sir?

21 A. Yes.

22 Q. And is that a Certificate and Order issued
23 by the Corporation Commission in response to the
24 Application that was filed by your NPU, which is
25 Exhibit 9?

Exhibit

D

1 Q. Now, if I could ask you to turn to Page 6
2 and specifically 6.3?

3 A. Okay.

4 Q. In the 134 months of this contract -- that
5 this contract has been in existence, have you sought
6 to or have you examined the books, records and charts
7 of Anadarko to ascertain the accuracy of any of the
8 charges?

9 A. I have not.

10 Q. Have you presented any contest or claim that
11 the charges are incorrect?

12 A. No. I have relied on my engineer to read
13 our meter and make sure that the quantities listed
14 matched what you were billing us for.

15 Q. And the bottom of 6.3, do you see the
16 period, the lapse period of 2 years, sir?

17 A. I do.

18 Q. And do you understand that term to mean that
19 if a claim as to the price or any condition of the
20 contract lapses after 2 years, so that there can be a
21 final resolution as to performance on the contract?

22 A. I want that, yes.

23 Q. And the fact that you agreed and entered
24 into this contract would mean that you agreed to that
25 term as well, correct?

1 A. I did. I am not objecting to the contract
2 at all.

3 Q. Now, may I ask you a few questions about
4 your position in this case.

5 A. Okay.

6 Q. We have established, sir, I believe we have
7 established in your testimony that you have had this
8 particular contract, which is Exhibit 11, for the
9 period from June 1 of 2002 through the current date,
10 is that correct?

11 A. Yes.

12 Q. And we have established that the commodity
13 price varies, that the transportation rate or the
14 service rate or the charge of 50 cents has not varied
15 in those 134 months, is that correct?

16 A. That is correct.

17 Q. And is it your position in this case that
18 you want that 50 cent service charge, however you
19 characterize it, to extend for -- if the Commission
20 approves the merger as filed -- excuse me, the sale as
21 filed by the Joint Applicants, that you want that 50
22 cent service fee to continue in the future?

23 A. I would certainly like that, yes.

24 Q. Well, let me ask the question a different
25 way. Is that your request to the Commission, that

Exhibit

E

1 question to probe that a little further. In 2.1, do
2 you believe that Anadarko had any obligation to
3 provide natural gas in excess of 750 decaatherms a
4 day?

5 A. Do I believe they had any obligation to?

6 Q. Yes, under the contract?

7 A. Without reading the whole thing, this one
8 paragraph would appear to limit it.

9 Q. Okay. Now, let me turn your attention to
10 the numbered Page 4, if I could. And may I direct
11 your attention to 4.1 (b) sir, the price provision?

12 A. Okay.

13 Q. And may I direct your attention further to
14 4.1 (b) ii, if I could?

15 A. Okay.

16 Q. And that indicates a 50 cent per MMbtu
17 charge, is that correct?

18 A. It does.

19 Q. And did you believe that charge to be fair
20 and reasonable at the time you entered into the
21 contract, June 1, 2002?

22 A. I did. It's the only thing I had going, and
23 it seemed reasonable to take it, what we had.

24 Q. And this contract -- so that's at the
25 beginning of the contract, right, June 1 of 2002

1 forward? Now, have you made any complaint about that
2 50 cent charge throughout the period, the 134 months,
3 from June 1 of 2002 to the current time?

4 A. I don't believe I've made any complaint. At
5 least I haven't personally.

6 Q. Now, looking at 5.1, which is on Page 5 of
7 the agreement, do you see that, sir?

8 A. I do see it.

9 Q. And do you understand this contract which
10 has been denominated as Exhibit 11 to be what would
11 generally be referred to as a month-to-month contract?

12 A. It does appear so.

13 Q. And when I use the term month to month, that
14 means that your firm could exit the contract with
15 one month's notice, as could Anadarko?

16 A. They could exit the contract. I don't know
17 about the service. Again, it's under the laws of
18 Kansas.

19 Q. But this contract does have a provision for
20 both sides, both parties, to leave upon 30 days'
21 notice?

22 A. It appears that they can cancel the
23 contract.

24 Q. And so could you, correct?

25 A. Absolutely.

Exhibit

F

1 Q. Now, let me ask you to turn your attention
2 to Page 4 of Exhibit 8. Do you have that before you,
3 sir?

4 A. Yes.

5 Q. And specifically I would ask you to turn to
6 4.1 (b)?

7 A. Okay.

8 Q. And in that 4.1(b), the ii section, it
9 refers to the 50 cents per MMbtu, do you see that?

10 A. Yes.

11 Q. And is that the 50 cents you were talking
12 about as the -- I can't recall exactly what you called
13 it, the margin or the rate per MMbtu for the NPU?

14 A. Yes.

15 Q. And this rate we have established from your
16 earlier testimony has not changed from July 1 of 1998
17 through September 6 of 2013, is that correct?

18 A. Yes.

19 Q. Now, we indicated earlier that you had
20 signed this contract on behalf of the NPU, correct?

21 A. Yes.

22 Q. And you agreed with all the terms and
23 conditions in that contract, is that correct?

24 A. I signed it, yeah.

25 Q. Now, let me ask you to turn to Page 5. And

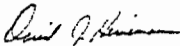
Exhibit

G

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

NOV 18 1998

Before Commissioners: John Wine, Chair
Susan M. Seltsam
Cynthia L. Claus

 Docket
Room

In the Matter of a General Investigation Upon the)
Commission's Own Motion Into the Challenges and) Docket No.
Opportunities Presented by the Decline in Wellhead) 99-GIMG- 194-GIG
Pressure in the Western Kansas Natural Gas Fields.)

COMMENTS OF THE SOUTHWEST
KANSAS IRRIGATION ASSOCIATION, INC.

COMES NOW, Eugene L. Smith of the law firm of Smith, Greenleaf & Brooks of Liberal,
Kansas, for and on behalf of the Southwest Kansas Irrigation Association, Inc., (the Association) and
states as follows:

I am authorized to file these comments on behalf of the Southwest Kansas Irrigation
Association, Inc., and enter my appearance herein for the Association. Communications in connection
herewith and other matters or pleadings filed herein should be addressed to:

Eugene L. Smith
Smith, Greenleaf & Brooks, Attorneys
P. O. Box 2827
Liberal, KS 67905-2827

Anthony Stevenson, President
Southwest Kansas Irrigation Association, Inc.
P. O. Box 254
Ulysses, KS 67880

I. Geographical Area:

The general area within which the members of the Association operate irrigated farms consists
of the nine (9) county areas of Southwest Kansas overlying the Hugoton and Panoma gas fields.

These counties are:

Morton	Stanton	Hamilton
Stevens	Grant	Keamy
Seward	Haskell	Finney

with some members who also operate in Meade, Gray, Wichita, Scott and possibly other gas producing counties in Southwest Kansas. Association membership varies from year to year, usually in the range from 450 to 600 or more irrigators, (presently 584 members) who, in the aggregate, operate hundreds of thousands of acres of farm land made highly productive by the use of irrigation equipment.

II. **A. Customer Classes:**

The sixty plus year history of the development and exploitation of Southwest Kansas gas fields, particularly the Hugoton Field, has seen agricultural customers desiring natural gas for fuel for, without limitation, the following uses:

1. Rural residential customers.
2. The primary customer class with which the association is concerned is, of course, the irrigation fuel gas user.
3. Rural agricultural related commercial - or industrial?- users such as grain dryers, animal feed lots, grain elevators, etc., all essential to a healthy agricultural economy in Southwest Kansas.

B. The foregoing classes of consumers can be further subclassified as follows:

- (1) Consumers who have contractual rights to purchase gas based on provisions in pipeline right-of-way documents.
- (2) Consumers who have contractual rights to purchase gas from producers based on oil and gas lease or pipeline right-of-way provisions.
- (3) Consumers who purchase gas supplies from conventional utilities which have no distribution pipelines and whose only facilities are a gas meter and regulators delivering gas from a gathering line or main transmission pipeline directly into the consumer's pipeline..

(4) Consumers who purchase gas from conventional utilities which do have distribution pipelines.

(5) Consumers who purchase gas from producers at the wellhead. Within the area of the Hugoton Field, this is by far the most common arrangement for supplying and acquiring fuel for irrigation pump engines. This is probably the primary classification with respect to which the Association has concentrated its efforts - both recently and historically - in the Hugoton Field area.

III. **Number of Customers:**

No definitive survey of the entire area has been made by the Association as to the actual numbers of consumers - or potential customers - in each customer class or subclass. We suggest the following sources for obtaining information regarding this matter:

A. The records of the Commission (Utilities Division) where customers are served from installed regulated utility distribution systems.

B. The records of the Commission (Utilities Division) where customers are served by regulated utilities, through meter/regulator connections only, between gathering or main transmission pipelines and customer pipelines.

C. The records of the Commission (Utilities Division) for maps of gathering lines and gathering systems, where irrigation and other rural consumers would likely purchase gas at the wellhead. Perhaps the Commission staff could obtain cooperation from producers, who would likely have lists and locations of metered wellhead connections.

D. The records of the Kansas Department of Agriculture, Division of Water Resources, Technical Services Section, for maps showing the location of irrigation wells and other groundwater diversion points. The location of these wells and other diversion points would need to be plotted on gathering system, main pipeline and existing distribution system maps to help determine whether

particular consumers are in danger of losing existing wellhead or gathering system gas supply due to imminent low field pressure. Such maps would also reveal where consumers have access to distribution pipelines, already installed, under construction or planned to be installed prior to the next irrigation season.

E. Subject to definitively updated numbers, which change from day to day, it appears that the eight (8) certified NPUs currently have one hundred fifty-two (152) members and hopefully will be supplying natural gas to fuel four hundred forty-six (446) irrigation pump engines by April 1, 1999.

Iv. NUMBER, IDENTITY, AND TERRITORIES OF NON-PROFIT AND JURISDICTIONAL PUBLIC UTILITIES SERVING IN THE GEOGRAPHICAL AREA.

A. STEVENS COUNTY

1. NON-PROFIT UTILITIES - Limited Area - Plat Attached - Exhibit "A"

- (a) SWKI - Stevens - Lower South East, Inc. (Planned operational prior to 4/1/99)
- (b) SWKI - Stevens - South East, Inc. (Operational)
- (c) SWKI - Stevens - E.C., Inc. (Planned operational prior to 4/1/99)
- (d) SWKI - Stevens - N.E., Inc. (Planned operational prior to 4/1/99)
- (e) SWKI - Stevens - North, Inc. (Planned operational prior to 4/1/99)
- (f) SWKI - Spikes North, Inc. (Operational)
- (g) SWKI - Stevens - HSW, Inc. (Installation imminent)

2. JURISDICTIONAL UTILITIES

- (a) Amarillo Natural Gas Company (Investor Owned Utility) (No Facilities)
- (b) Midwest Energy, Inc. (Co-operative Utility) (No Facilities)

B. KEARNY AND FINNEY COUNTIES - NPU Territory Only - Plat Attached - Exhibit "B"

1. NPU - Keamy County Gas Irrigators (In design stage)
2. Jurisdictional Utility - Midwest Energy, Inc. (No facilities installed in NPU territory - may be in planning stage)

C. So far as we have ascertained the only gas distribution systems installed in the entire area are now owned by Midwest Energy, Inc. We understand that all KN Energy distribution systems (or is it just the customer meters?) have recently been acquired by Midwest Energy.

Utilicorp United, Inc., Peoples Natural Gas Company Division, is certificated to serve portions of Finney, Haskell, Seward, Gray and Meade Counties, and may have currently installed distribution systems of which we are not aware. This company serves many customers from meters installed on pipelines formerly owned by Panhandle Eastern Pipeline Company, where it neither owns nor operates a distribution pipeline system. From prior testimony of Ron Cook and Steven Ruback, on behalf of CURB, in Docket Number 97-UTCG-493-COM, it appears that this company believes it should be allowed to abandon service to these customers because of low gathering system pressures. It should not be permitted to abandon service unless it is willing to contribute to the cost of installing such facilities as would allow continued access to gas supplies at adequate pressure to supply its customers. At the rates charged by Peoples for transportation through its meter/regulator only connections on the Panhandle lines, it would have collected, since acquisition of the meters, as much as \$1500.00 per year per irrigation well. In 1995, one consumer was charged an annual fee of 48.3¢, 61.7¢ and 69.6¢ per MMBTU for transportation of gas through three (3) meters for a total cost of \$4982.00 - more than enough to pay for all three meters in a single year. The charge has since been increased substantially. These same meters had been purchased by Peoples from PEPL at a cost of approximately \$450.00, more or less, per meter/regulator setting. The annual connect fee alone, charged by Peoples,

amounted to \$420.00 per meter - almost as much as Peoples paid for the meter. The Association supports the position of CURB in the above mentioned dockets, insofar as CURB opposes abandonment of service by Peoples without compensation to its customers adequate to find access to a replacement gas supply.

V. EXISTING MEANS OF DELIVERING GAS TO CUSTOMERS

A. Natural gas is almost universally physically delivered to the irrigation engine through:

1. A customer owned pipeline connected at the downstream end to the irrigation engine. The other end of this pipeline is connected to a meter, regulators and gate valves located:
 - (a) At the wellhead
 - (b) At a point on a gathering pipeline, or
 - (c) At a point on a main transmission pipeline
 - (d) At a point on a distribution system
2. At the present time the NPUs have contracted for gas delivery through:
 - (a) A producer and its affiliated marketer, delivering through a gathering system to a non-affiliated main transmission pipeline.
 - (b) Directly from a producer which owns its own pipeline.
 - (c) An independent marketer through an unaffiliated gathering system and main transmission line transporter.
 - (d) NPU members will in turn take delivery into their fuel lines through the distribution pipelines and meters of the NPU.

VI. ALTERNATIVES TO EXISTING GAS SERVICE:

A. The most often mentioned alternatives for natural gas fuel are:

1. Electricity - not a viable alternative because of per KWH cost and cost of converting equipment.
2. Propane or butane - both fuels are very expensive on a per MMBTU basis and conversion carburation equipment is also expensive.
3. Diesel fuel - some of the Association's members have switched to diesel equipment and diesel fuel. At current depressed oil prices, diesel fuel could almost be competitive with natural gas on a per MMBTU basis in the short run. However, the cost of conversion to diesel equipment is terribly expensive and the historical spread between oil and gas prices is likely to return. Mr. Terry Kasten, K-State agricultural economist, estimated a farmer could invest "around \$46,000.00 to stay on natural gas when the next best alternative is diesel". (Memo from Terry Kasten to Gary Gold, Stevens County K-State agricultural agent, May 21, 1998) Mr. Kasten based his study in part on previous K-State Studies and on the University of Nebraska Irrigation Pumping Plant Handbook.
4. One NPU member, after making a thorough study, states in his comments "In the end, the only realistic alternative was to join with my neighbors and form a non-profit utility to distribute natural gas to the (irrigation) wells. (Milton Gillespie, Stevens County irrigation farmer and NPU members - See comments - infra).

VU. A. The Association asserts that where a jurisdictional utility has undertaken to serve a consumer, it should continue to do so until:

- (1) The consumer can obtain adequate service elsewhere and consents to termination, or tariffs and regulations permit abandonment without consent of the consumer, or opportunity for hearing before the Commission
- (2) The Commission, after notice and hearing, authorizes abandonment of service for good cause shown.

B. Where an NPU has undertaken to serve a consumer, it should continue to do so except for violation of by-laws, service contract or non-payment of statements when due.

C. Enforcement or abrogation of rights-of-way, oil and gas leases or other contractual obligations entered into by a utility and a customer, grantor or lessor, are probably beyond the jurisdiction of the Commission. Where a pipeline utility has made a conveyance of jurisdictional equipment which is necessary to the performance of the utility's contractual obligations, yet the pipeline continues to occupy the land with its pipeline but purports to transfer its obligation to a third party and creates additional servitudes on the freehold, the Commission should not attempt to adjudicate the dispute.

The Association requests leave to amend and supplement these comments further concerning the above matters as the issues are more fully defined.

The NPUs formed at the urging of the Association have received unusual support and encouragement from the Commission and its staff, for which their members have expressed sincere gratitude. Likewise, much assistance has been received from many members of the gas production pipeline and agricultural business communities.

Some of the NPU members have written comments concerning the problems they have encountered as they attempted to find a gas supply. These comments are attached hereto as exhibits.

The Association suggests that legislation increasing the number of member-customers would be helpful in operating the NPUs. Sometimes tenants will have several landowners, all of whom are involved in financing the pipeline system.

Respectfully submitted,

SOUTHWEST KANSAS IRRIGATION
ASSOCIATION, INC.

By: Eugene L. Smith
Eugene L. Smith, their attorney

VERIFICATION

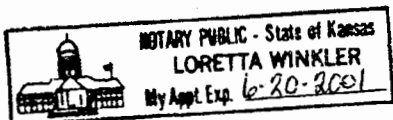
STATE OF KANSAS)
) ss.
COUNTY OF SEWARD)

Eugene L. Smith, of lawful age, being first duly sworn states upon oath as follows: he is the attorney for Southwest Kansas Irrigation Association, and is duly authorized to file the foregoing Comments on its behalf, he has read the foregoing and states that the contents thereof are true and correct according to his best information and belief

Eugene L. Smith
Eugene L. Smith

Subscribed and sworn to before me this 16th day of November, 1998.

Loretta Winkler
Notary Public



INDEX TO EXHIBITS

- A. Stevens County NPU Territorial Map
- B. Kearny County Gas Irrigators Territorial Map
- C. Natural Gas Public Utilities - Certified Territories w/Gas Field, Boundaries Added
- D. Gas Fields and Pipelines of Southwest Kansas - Published 1963
- E. General Availability of Groundwater

COMMENTS OF NPU OFFICERS & MEMBERS

Ralph Reimer, President - Kearny County Gas Irrigators Association
Clayton Gerrond, Secretary - Stevens North
Milton Gillespie - Stevens North
Steve Rome - Stevens North (2 pages)
Justin Hamlin - Stevens E.C. (East Central)
Montgomery Escue - Consultant to NPUs and the Association (5 pages)
Jerry Stuckey - Stevens Northeast (5 pages)

AFFIDAVIT OF MAILING

STATE OF KANSAS)
COUNTY OF SEWARD) ss.

Eugene L. Smith, of lawful age, being first duly sworn, on oath states:

1. Affiant is attorney for the petitioner, and he served a copy of the attached Application by depositing same in the United States certified mail, return receipt requested, postage prepaid, on November 16, 1998, addressed to each of the following persons:

Mr. W. L. Price, President
Amarillo Natural Gas Company
6601 I-40 West, Bldg. #2
Amarillo, TX 79106

Mr. Gene Argo, President
Midwest Energy, Inc.
1330 Canterbury Road
P. O. Box 898
Hays, Kansas 67601-0898

Mr. Larry W. Headley
Peoples Natural Gas Division of
UtiliCorp United Inc.
1815 Capitol Avenue
Omaha, Nebraska 68102

Mr. Stephen S. Williams
Mr. J. Kyle McClain
Anadarko Gathering Company
17001 Northchase Drive
Houston, TX 77060

Glenda Cafer
Otto Newton
Kansas Corporation Commission
1500 S. W. Arrowhead Road
Topeka, KS 66604

Mr. Douglas C. Walther
Atmos Energy Corporation
P. O. Box 650205
Dallas, Texas 75265-0205

Mr. Gene Dubay, President
Kansas Gas Service Company, a division of ONEOK, Inc.
7421 West 129th Street
P.O. Box 25957
Shawnee Mission, Kansas 66225

Mr. Pat Gerleman
Greeley Gas Company
P. O. Box 650205
Dallas, Texas 75265-0205

Mr. Thomas H. Petersen
Greeley Gas Company
P. O. Box 650205
Dallas, Texas 75265-0205

Mr. Steve Rome
SWKI - Stevens North, Inc.
HC01, Box 18
Hugoton, KS 67951

Mr. Kirk Heger
SWKI - Stevens - N.E., Inc.
PO Box 100
Hugoton, KS 67951

Mr. Jerry E. Stuckey
SWKI - Stevens - E.C., Inc.
R.R. 1, Box 96
Moscow, KS 67952

Mr. Warren W. Spikes
SWKI - Spikes North, Inc.
PO Box 759
Hugoton, KS 67951

Mr. Melvin Webb
SWKI - Stevens - Lower South East, Inc.
PO Box 85
Moscow, KS 67952

Mr. Kirk Heger
SWKI - Stevens - HSW, Inc.
Box 100
Hugoton, KS 67951

Mr. Ralph Reimer
Kearny County Gas Irrigators Association
Route 2, Box 40
Lakin, KS 67860

Mr. Dee Likes
Kansas Livestock Association
6031 SW 37th St.
Topeka, KS 66610

Mr. Erick Nordling
Southwest Kansas Royalty Owners Association
PO Box 250
Hugoton, KS 67951

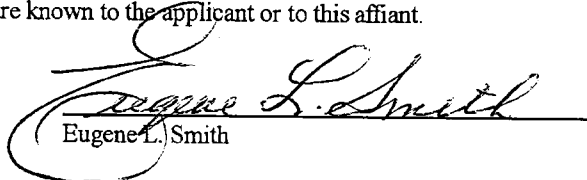
Mr. Anthony Stevenson
Southwest Kansas Irrigation Association
PO Box 254
Ulysses, KS 67880

Leslie Kaufman
Kansas Farm Bureau
2627 KFB Plaza
Manhattan, KS 66503

M. Moran Tomson
PO Box 310
Johnson, KS 67855

Timothy E. McKee
Triplett, Woolf & Garretson, LLC
2959 North Rock Road, Suite 300
Wichita, KS 67226

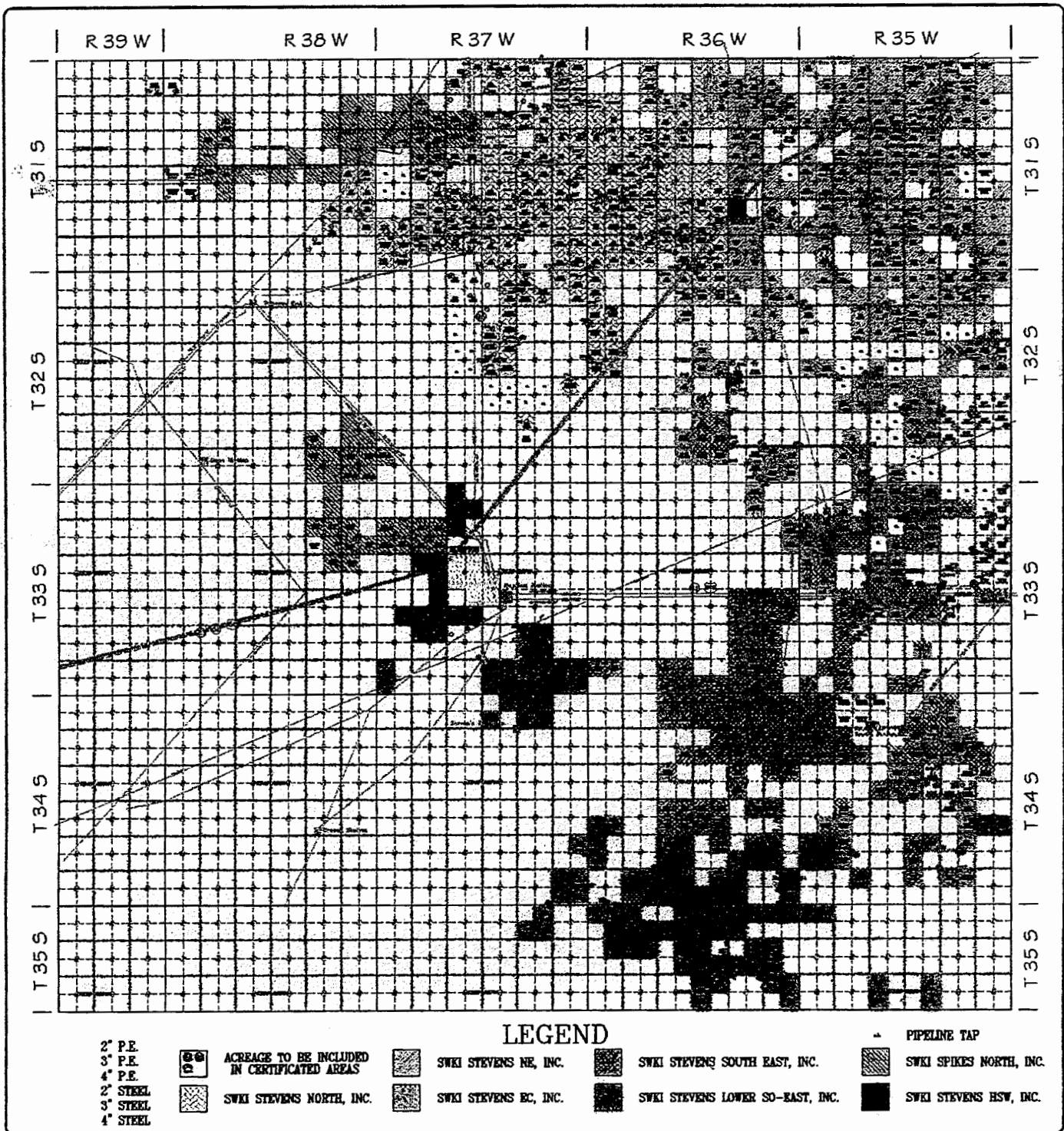
2. The above persons are officers or representatives of all gas distributors who affiant believes might have an interest in these proceedings whose names and addresses are known to the applicant or to this affiant.


Eugene L. Smith

Subscribed and sworn to before me this 16th day of November, 1998.


Notary Public





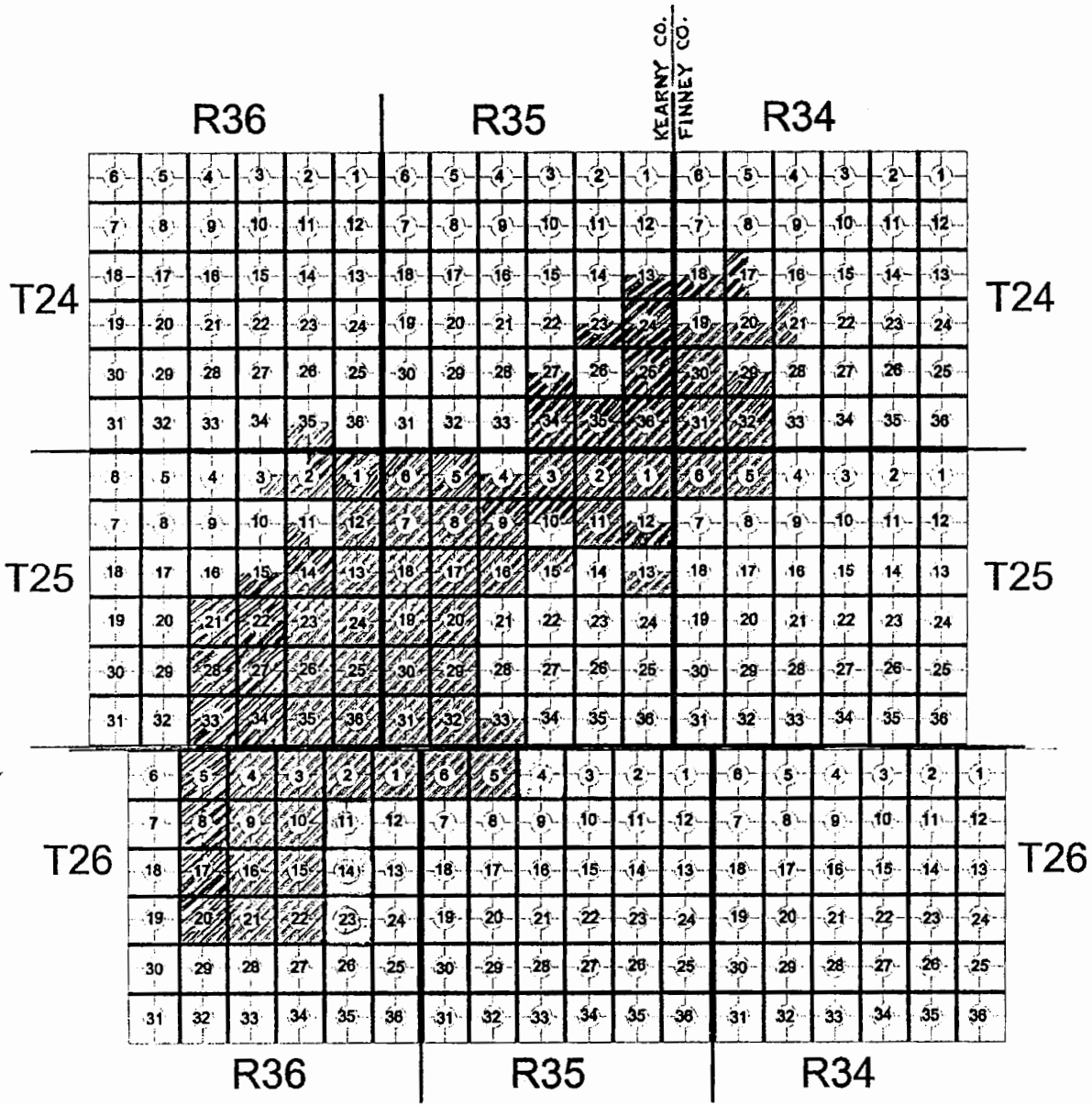
SOUTHWEST KANSAS IRRIGATION ASSOCIATION
 NON-PROFIT CORPORATE PUBLIC UTILITIES
 1998 DEVELOPMENT PROJECT

DRAWING CREATED BY
 SOUTHWEST KANSAS
 TECHNICAL SCHOOL

BEFORE THE KANSAS CORPORATION COMMISSION

KEARNY COUNTY GAS IRRIGATION ASSOCIATION

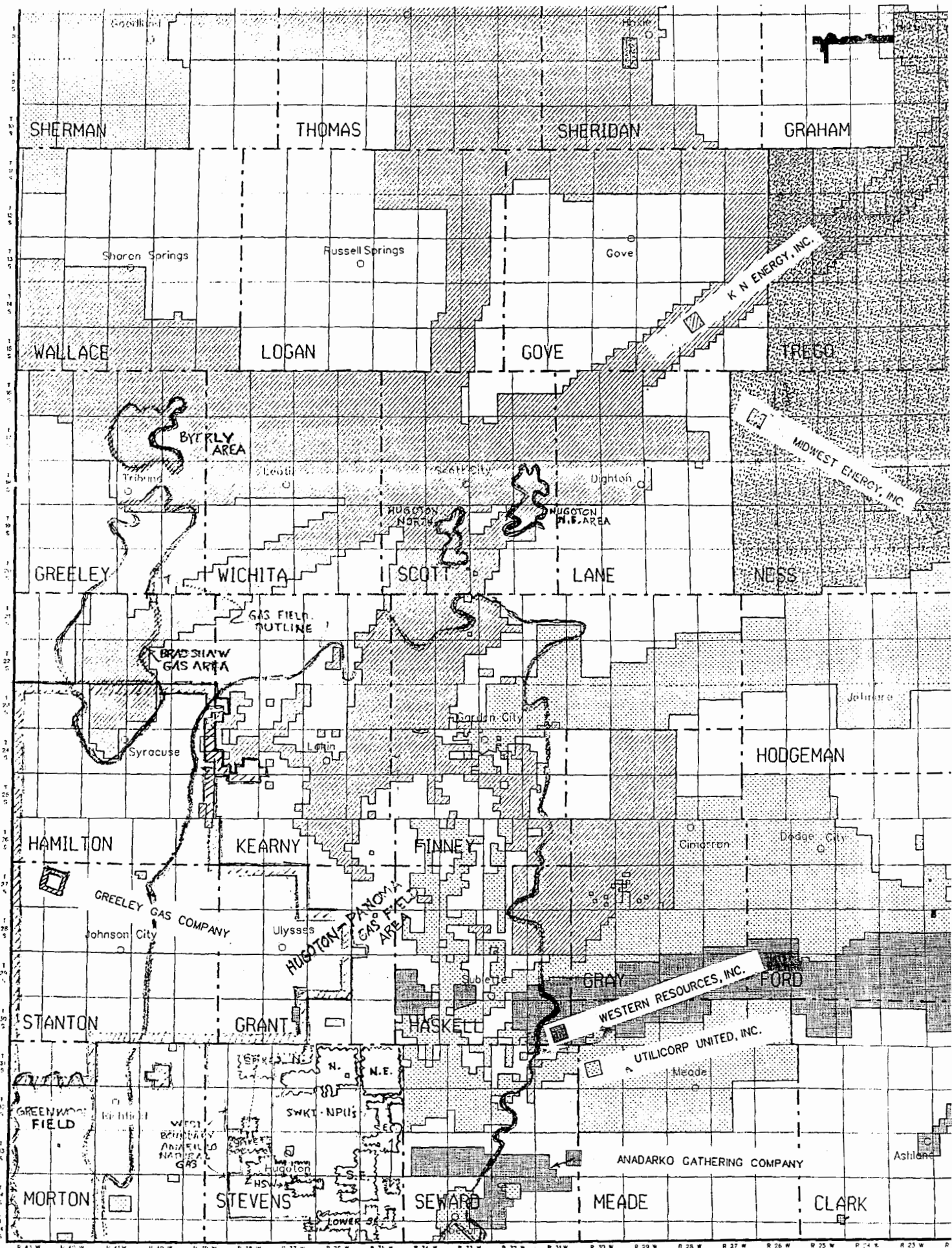
REQUESTED SERVICE TERRITORY



Seth Henderson
July 8, 1998

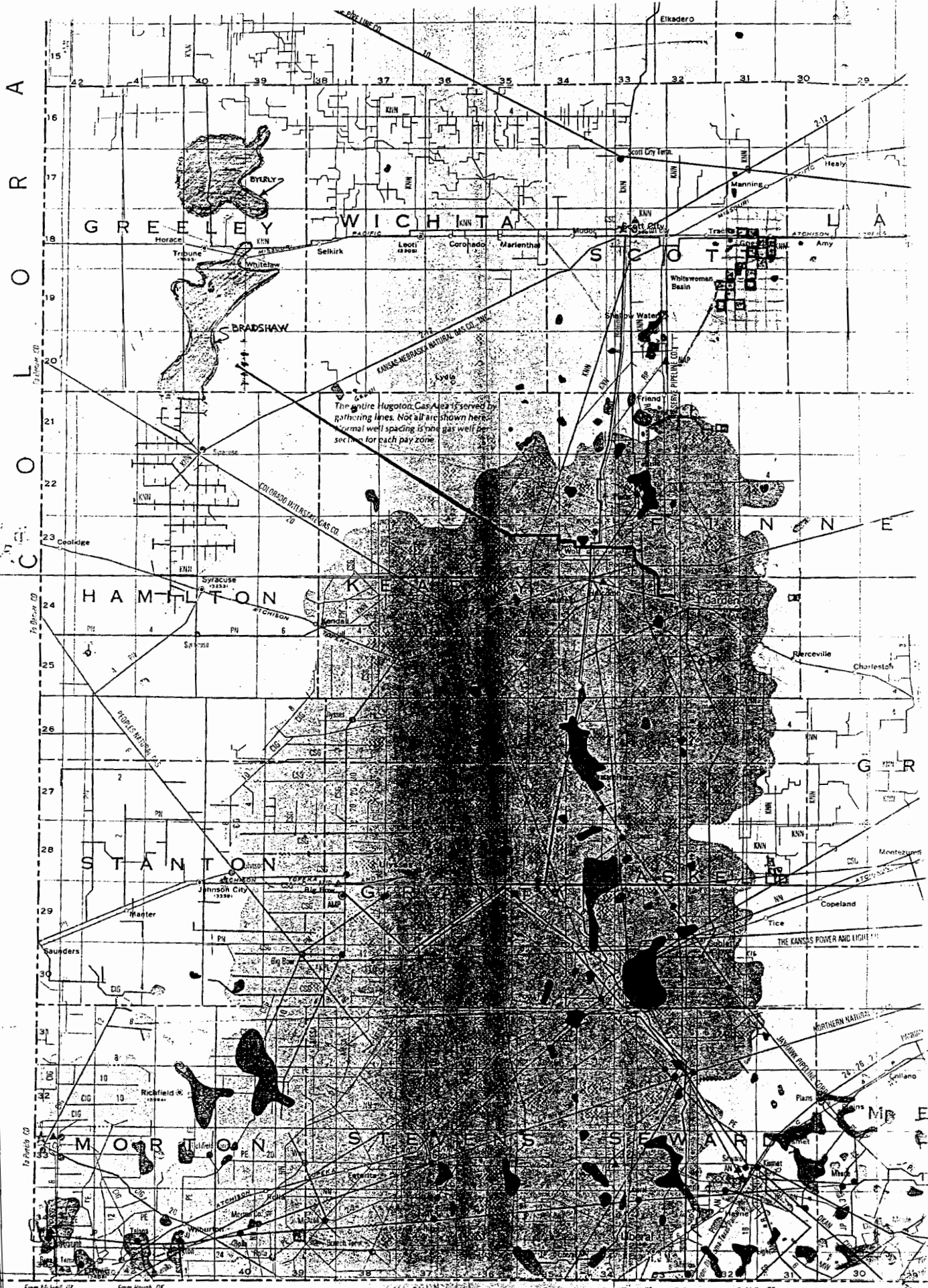
EXHIBIT "B" - SHEET 1

DOCKET NO: 99-GIMG-194-GIG



NATURAL GAS PUBLIC UTILITIES

EXHIBIT NO C

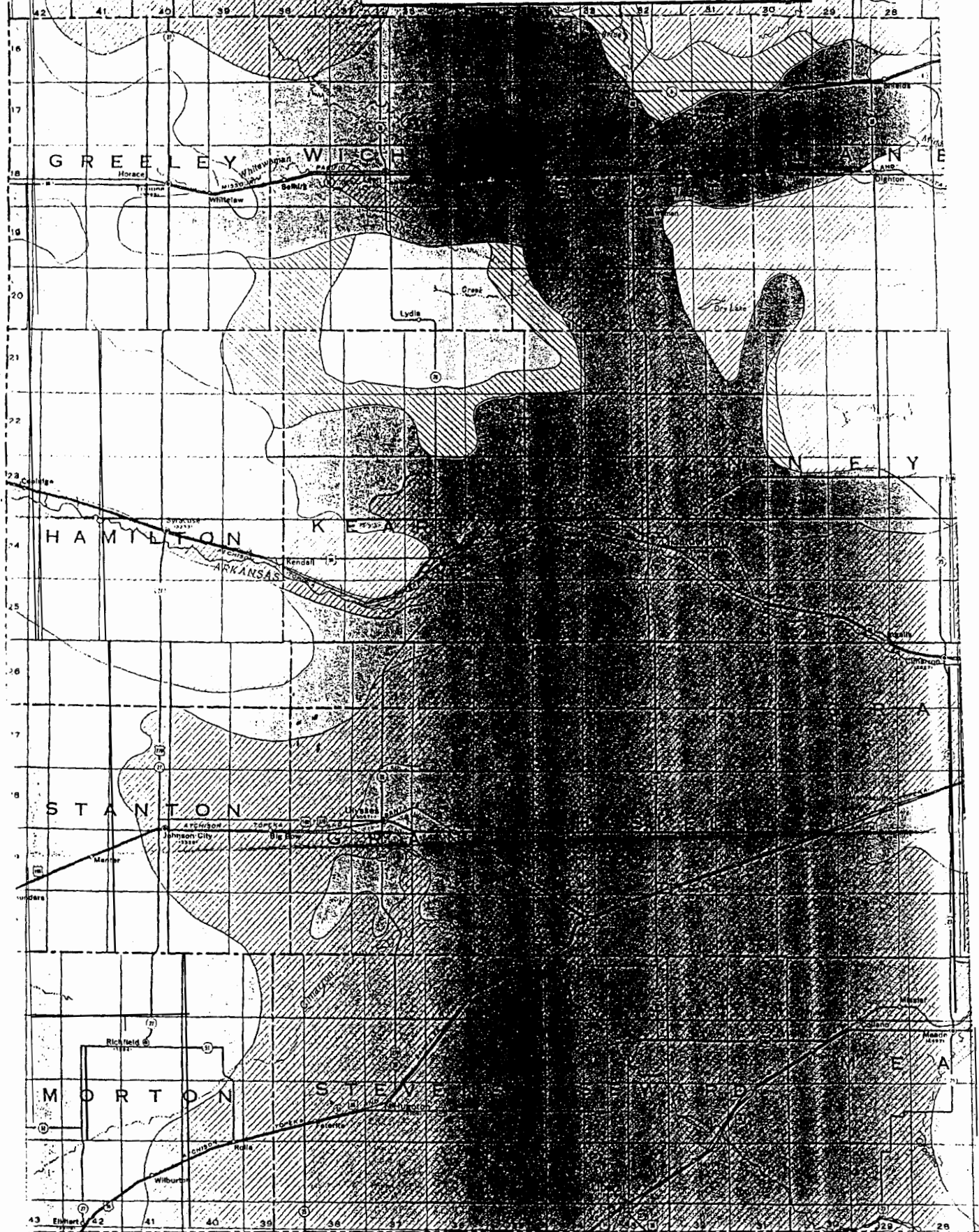


A
R
O
L
O
C

From McKee, OK From Hough, OK To Liberal, OK From Wilbren, KS To Elmwood, OK To McKee, OK To Meade, OK

EXHIBIT NO. D

GENERAL AVAILABILITY OF GROUND WATER



EXPLANATION
Quantity of ground water generally available per well, in gallons per minute.

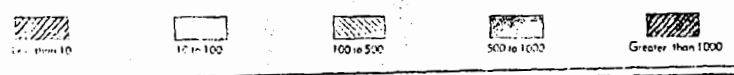


EXHIBIT NO **VE**
00000000

Kearny County Gas Irrigators
Route 2 box 40
Lakin, Kansas 67860

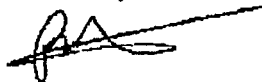
To whom it may concern;

We the above mentioned association represent 26 farmers having 277 irrigation wells. With the declining pressure in the Hugoton field we have experienced the some difficulties. Though we are in a certificated area (the KN company) we are getting our gas from the gathering system. We have suffered loss of adequate pressure on some of our irrigation wells. Through the courtesy of the producer this problem was taking care of by slowing the compressor down. This is only a stop gap measure to get us through this year. Variable operating pressure has made it hard to meter the gas accurately.

Being in a certificated area for over the past twenty years, we have paid full distribution fees even though the distribution company has had only a meter and no distribution system in place. Now the pressures are declining on the gathering systems, they are looking to us to help pay for the distribution system now. So a group of us farmers are putting in our own distribution system since we have to pay for it anyway. So this gives us the opportunity to control our own destiny.

It does seem strange to us who live here are in Hugoton field, which need gas for the production of agricultural products now and in the future. Why is everyone is in such a hurry to ship to gas under us away and make us by gas from other fields.

Yours Truly

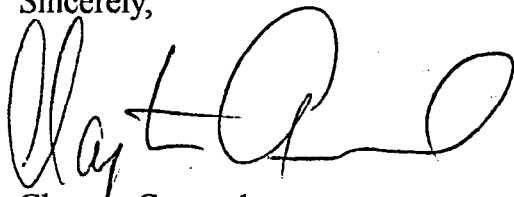


Ralph Reimer
Secretary

10-26-97

In 1996, Gerrond Fams had seventeen irrigation engines, all on natural gas, with prices ranging from \$1.40 to \$2.25 per mcf (1 000 cubic feet). With the loss of pressure over the last two years, we have tried diesel, propane and natural gas mixed, and several other short term bandaid solutions. We are currently operating one diesel engine and will soon have a second diesel engine. We have seven engines on Anadarko high pressure service, with the price usually over \$3.00 per mcf. We have two engines running with electric compressors to increase the natural gas pressure to a usable pressure. These compressors cost over \$6,000.00 a piece and cost approximately \$100.00 a month to operate. The life of these compressors is expected to be 5-8 years, maximum. We have three engines that are being serviced by consumer-owned utilities (NPU). The gas price is around \$3.00 mcf, SO of which is rebated to consumer owners to repay pipeline costs of \$10,900 per irrigation engine. We have three engines that we are uncertain about how to power them for the 1999 season. Hopefully, we can become a part of another consumer owned utility.

Sincerely,



Clayton Gerrond
Partner

WE PROJECT OUR GAS COST
TO DOUBLE FROM 96 TO 99

THANKS

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of a General Investigation Upon the)
Commission's Own Motion Into the Challenges and)
Opportunities Presented by the Decline in Wellhead)
Pressure in the Western Kansas Natural Gas Fields)

Docket No. 99-GIMG-194-GIG

COMMENTS OF MILTON GILLESPIE

The declining gas pressure at the wellhead caused me to look for alternative sources of fuel. Diesel, propane and electricity were all explored and found to be too expensive. Natural gas was the only realistic alternative, but with no distribution system in place, how could I get it.

One option was to lay lines to existing high pressure gas lines. This would cost a lot of money. Unfortunately, money was not the only problem. There were easements from neighboring landowners, that proved in some instances, to be impossible to obtain. Also some pipeline companies would not give taps on their lines. They never really said flatly that they would not, but they would not agree to it in a timely fashion. The Duke-Richfield storage line is an example of this. I began trying to get a tap on this line last January and do not have an answer yet.

In the end, the only realistic alternative was to join with my neighbors and form a non-profit utility to distribute gas to the wells.

Respectfully submitted,

S/

Milton Gillespie

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of a General Investigation Upon the)
Commission's Own Motion Into the Challenges and)
Opportunities Presented by the Decline in Wellhead)
Pressure in the Western Kansas Natural Gas Fields)

Docket No. 99-GIMG- 194-GIG

COMMENTS OF ROME FARMS

Our first exposure to low gas pressures was about 4 years ago when we received a letter from Anadarko Petroleum. They had evidently set some large compressors on the Grant-Stevens County line west of Highway 25. They indicated these compressors might lower the pressure of the gas at our irrigation wells. This was in the fall and we were not irrigating but at the time it didn't seem to be affecting our pressures, yet. After checking pressures, we asked Anadarko if we could lay lines to the high pressure side of these compressors. We were told the utilities had ownership or control of this gas once it left their compressors. This statement became very frustrating during the next several years. Not until sometime this last year did we discover that there were no certified utilities in Stevens County.

The following fall we received a letter from Peoples Natural Gas indicating that because of falling pressures they might not be able to supply us with gas for that irrigation season, and we might want to find a different source of fuel. They had been content in charging us their irrigation tariff rate until it was time for them to make an investment and then they wanted out. I assume we were a certificated customer but I really question the significance of the certification process in rural Kansas if the KCC is not going to force the utility to live up to their obligation. We met with Peoples several times during the next few months. I testified during the gas gathering legislation that winter. We expressed our frustration with the utilities not living up to their obligation or offering to be part of the solution to the pressure problem. Peoples did meet with us with a couple of system designs. They indicated it might be several years before they could get systems to the whole county, not to mention the other counties that were having gas pressure problems. In the meetings we had with them, they offered a couple of designs, actually one, and then came up with another one after some encouragement. Basically, they said they would pay for 1/4th of the system, we would pay for 3/4ths, they would own it and charge their tariff rate with no guarantee the system would't be sold and we would pay for it again, or based on their past performance, they would even continue to service it if the situation changed. After a month or so, I ran into a PNG representative. He asked where things were and what they needed to do. I indicated his proposal was too expensive and still didn't get gas close to every irrigation well. He said he was reluctant to spend more time on the project unless he had some signed contracts. I told him in the world we did business in, people submitted proposals and bids all the time without being guaranteed any sales.

While this was going on we were researching other fuel sources. We had a K-State economist (Terry Kasten) do an economic analysis on different energy sources. It did show that at the current relationship between diesel and natural gas prices, that diesel could be an

alternative. There have been a few irrigators install diesel engines on new wells and we even have a diesel engine setting in our shop as a backup in case we ran out of gas. But as irrigators look at the logistics of tanks, delivery schedules and the historical volatility in diesel prices, this has not proven to be a very popular alternative. If you look to areas that have been on higher priced pipeline natural gas, the percentage of wells on diesel is not very high.

I am the chairman of an irrigation task force that Pioneer Electric formed to see if electricity could be an alternative. Since we are a seasonal demand, Pioneer Electric is the only member owner of Sunflower that voted to create a special irrigation rate.

After many meetings with utilities, gatherers, producers and pipeline companies, we discovered a Kansas statute that allows for non-profit utilities to be formed, whereby irrigators could own and lay their own lines. This has not been a painless process but it still seems to show the most promise. I hope we can continue to count on the KCC and the Kansas legislature's support as this process continues to move across western Kansas to solve the problem the low pressure has created for irrigators.

Respectfully submitted,

S/

Steve Rome

East Central Inc.

Wednesday, October 28, 1998

SWKI-Stevens-E.C., Inc.
Box 107 Moscow, KS 67952

To whom It may concern,

East Central inc. has been **developed** in the past few months for **some very** important reasons. As you may know, the major gas companies in this area have set compressors and lowered the gas pressure to our irrigation engines. To give you an idea of the impact this has on **the corn growers in Steven's county** I put some figures together off of my farm.

This season I had both irrigated and dryland corn so I had a clear idea of what would of happened if my irrigation gas would have been shut off. My irrigated corn was around 200 bu./acre and the dryland made 50 bu./acre. 100 acres of 200 bu. corn sold at \$2.00 would generate \$40'000.00 worth of income. 100 acres of 50 bu. corn sold al \$2.00 would generate \$1.0'000.00 worth of income. It wasn't that bad on me this year because I planned on my dryland **making** considerably less and adjusted my expense in that crop accordingly. On the **other** hand, just think if you already **had all your expense in your** irrigated crop and the irrigation gas was shut off to your engine. There is no doubt that this would be very devastating to anyone.

Through out the 1998 growing season there were several farmers put in this situation. **Luckily** the gas companies worked with us and got us through the season. This is why we can't wait for this to happen again. The non-profit utilities we have organized is the best alternative we have. Many farmers have already went to diesel hut it will not work for everyone.

The **publicity of this crisis has brought other** utilities into the area offering to lay lines and serve us gas. We are glad the other utilities are interested **but there are** several problems with their solutions.

1. If **they lay** the lines, we end up paying for the line and they retain ownership of that line.
2. There is a chance that **the utility would** increase the price of gas in a few years when we are **already having** problems making it work at the current price.

3. If this utility would sell to another utility we would end up **paying** for the same lines all over again.

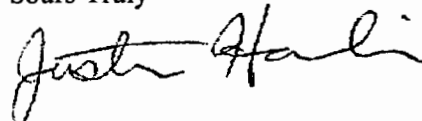
Now that I have shown you the disadvantages of using another utility I would like to show you the advantages of owning our own lines by forming the non-profit. utilities.

1. We pay for the line one time and one time only.
2. We have the chance to market our own gas buy contracting a larger quantity of gas.
3. We can explore other alternatives such as introducing processed gas into the area.
4. Most important the farmer are in control.

We haven't got the NPU's perfected yet but we are working on it constantly. One thing we could use your help on is the membership issue. Under current KCC statues WC are only allowed fifty members per NPU. This does cause a problem in cases were one farmer has six or seven landlords on a piece of ground. We would like to see that raised to 100 members or what ever it takes to fit the program.

I am **sure** there will be other items that will pop up in the future. After all we are the first NPU's in the state of Kansas. We appreciate all the support we have had so far and we are dedicated to making this work for all the people that have helped us. Thank you.

Sours Truly



Justin Hamlin

President

MONTGOMERY A. ESCUE

**622 Renaissance Pointe - Suite 205
Altamonte Springs, Florida 32714**

**Tel: (407) 522-8945
Fax: (407) 522-5551**

October 28, 1998

VIA FAX ONLY
(3 16) 624-6267

Mr. Eugene L. Smith
400 N. Washington Avenue
Liberal, KS 67901

RE: Notes regarding intervention in Kansas Corporation Commission (KCC) General Docket concerning irrigation gas in the depletion of the Hugoton field.

Dear Gene:

There are several issues that the KCC should be interested in regarding the irrigators. I have tried to describe these the best I can, however you may or may not want to address these items when you intervene for the Southwest Kansas Irrigation Association. I would like to discuss some of them before you use them. My concern is that the KCC does not really intend to do anything other than show that they are complying with the settlement agreement of the case involving Peoples Natural Gas and are not intending to study the issue of the problems that the irrigators and rural fuel users are having out here. This being the case, the concerns that I have could clearly become public record for everyone to see, but would not be beneficial for the irrigators. The only thing that would come of the information is that all of the gas companies would see such critical information and that would do nothing but make our goals more difficult. However, if the KCC was to put some real investigative work behind these issues and hold some hearings, then it may be worth exposing some of the issues that concern me. Never-the-less here they are:

1. We represent approximately 120 irrigators and landowners who are members Of the NPU's. This does not reflect another 300 or so land owners whose land will be irrigated by the NPU's but are not members. I do not know how many Ralph Reimer's group represents. You may have this information. I do have another three groups that would like to start other NPU's. If the existing NPU's in Stevens County develop sound operations and operational procedures this would be very easy to duplicate in other areas where the water is adequate. However, the KCC should be interested in helping us modify the statute 66-104C so that it would be able to provide a flexible environment for the NPU's to operate under.

Mr. Eugene L. Smith - Page 2. - October 28, 1998

- A. The cap on NPU members needs to be increased from 50 to a higher number, maybe 1000, but this large of a member number may make the for profit utilities (FPU's) too nervous. The good thing about this is that I believe that we could develop some legislative support. However, it would be a lot easier if we also had the KCC support. The immediate question is would the KCC support such revisions in the statute and if they did, what would they want? Would they also want to amend 66-104C so they can exert more authority.
 - B. The NPU's, after a certain period, should be allowed to merge to combine operations if this proves to be economical. Again I believe this could make the FPU's nervous. And the same concerns outlined in paragraph 1-A. above regarding the KCC applies here.
 - C. Steve Rome brought up the concerns that if a house owner wishes to access natural gas for his house from the NPU, but is not an irrigator, does he need to become a member, and if so what does he pay? Does he pay the same price as the irrigators? This may be a question for each NPU, but I think what Steve was wondering is would the residential user have the same vote as an irrigator who has thousands of dollars invested in the line? Is this something that we needs to be addressed legislatively?
 - D. I am also wondering whether or not we need to provide an overlap of the NPU's in the statute. I understand that the KCC has allowed Spikes-North to overlap, but will this be regular practice?
2. The next area of concern is the marketing problems that the irrigators are facing in purchasing their natural gas. As you and I have informed folks for the last several years, the major natural gas companies who are the producers, gatherers/processors and marketers have managed to lock up all of the natural gas, or at least the largest percentage of it for their processing markets. The problem is that they have long-term contracts intertwined with each other. That has made it very difficult for rural fuel users and small towns to access this natural gas at a reasonable price. The idea of locating an independent supply of natural gas and transporting it to a delivery point is almost non existent. The gathering companies/processing companies, along with the help of the major producers, have effectively shut down open access. Example: Mobil produces the natural gas, sells it to Duke Energy Transportation and Marketing who transports it on KN gathering lines to KN's Bushton processing plant. Note: Mobil owns 50% of Duke Energy and Marketing and has a has a joint venture with KN Gathering. Essentially the have re-bundled natural gas sales and transportation in a non-regulated, non-competitive environment.

Mr. Eugene L. Smith - Page 3. - October 28, 1998

- A. The gathering companies all have interests in processing plants. They may be disguised as an affiliate or they may not be, but they are still the same company. The gathering companies' focus has not only been to gather gas and transport it for high fees, but mostly to attract long term supply for their processing plants and processing revenue. As they attract supply for the processing plants, they have **signed** these long term contracts with the major natural gas producers. Since the major natural gas producers are affiliated in some manner with the gathering system the ability to be able to purchase natural gas at the wellhead and transport it to a delivery point, either for an independent irrigator or the NPU's becomes terribly cumbersome, if they allow it at all. Not that the gatherers or the major suppliers **cannot** allow delivery to an irrigator or an NPU, it's just that they have **entered** into these long term contracts and do not want to interrupt deliveries to the processing plants. the only reason that the gatherers or major producers are working with us at all is due to the political climate. How long will this last? The gathering companies are also putting the squeeze on the small producers. They are writing contracts that provide 100% dedication of the wellhead sales to their processing plant, and they are giving very little of anything for that processing value. If the small producers do not sign these long term dedicated contracts they are facing financial penalties **imposed by the** gatherers (please see KN contract attached), The net effect of this is that the small producers sign the contracts and the irrigators cannot purchase natural gas from small producers and share the transportation costs for the benefit of both parties. due to the greed and control of the gatherers. Even if you tell the gatherers that you will make them whole for any lost processing revenue, if they cannot control and exploit the transaction, they are not interested. SO as a general rule they prevent the practice at all. Another issue with the gatherers is that they are not allowing exchange of natural gas. that is gas that is not processed. They are **requiring** that all natural gas that is purchased and transported **must be** purchased upstream of the delivery point, where I can **understand** that they are concerned about exchanging out the same quality of gas. I do know that Peoples Natural Gas is allowed to do so, not only from my gut feeling, but by admission from their own representatives. The ability to exchange gas would help the irrigators significantly,
- B. As stated earlier, the major producers have a co-mingled alliance with the gatherers and the marketers which has limited the access for irrigators to purchase and transport natural gas. But one of the biggest problems the irrigators are faced with regarding the major producers is that they simply control most of the supply of natural gas in the irrigators area. What the

Mr. Eugene L. Smith - Page 4. - October 28, 1998

irrigators have diligently tried to do is to continue to purchase the natural gas that they would normally receive from the major producers at the wellhead, and transport that volume of gas to a new delivery point where the pressures are able to deliver natural gas. The problem follows that the producers are not compelled in any way to sell natural gas to the irrigators. I am lead to believe that Kansas farmers and citizens should be able to purchase that natural gas for the same market price that the producers are selling their gas to parties outside the state. However, the irrigators are faced with some companies that have inflated the value of that natural gas to the NPU's and the irrigators due to their monopoly position. Again, the only reason that the major producers are working with us at all is due to the political climate. What they have been saying prior to the irrigators' crisis and during the

crisis is that it is simply not our problem. I am wondering whether or not these large major producers and gatherers should be compelled to sell natural gas to the citizens of Kansas first and at a market value. The question is how do you determine that value.

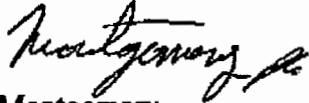
- C. In obtaining in terconnect agreements Northern Natural has become accommodating in providing natural gas delivery point connections, even though we still don't like their prices for the connections. I am not sure that Northern does not have that much cost in putting the taps in service, We do know that the **only** reason that they are accommodating us is due to pressure. Again, what happens when this is gone? When we are having interconnects on gathering lines we have been told simply that we cannot transport on these gathering lines. The KCC, even though we know they won't, should define what is a transmission line and what is **gathering**,

The underlying problem is that the natural gas industry in Southwest Kansas has been irresponsible to the rural natural gas user, in obtaining **their financial gains**. Example: KN Gas Gathering telling the irrigators that they will have pressure on the gathering lines that they wish to install across their land, just so they can get the easement, knowing full well that they will not have sufficient pressure to service the irrigators' needs. KN is also providing tap agreements that can be terminated at any time, at their sole discretion regardless of how this impacts the irrigator.

Our negotiations for natural gas purchases and tap agreements have been very diplomatic due to the fact that we needed cooperation in an emergency situation. I think that WC want

Mr. Eugene L. Smith - Page 5. - October 28, 1998

to continue the diplomatic negotiations in dealing with the natural gas companies. But at the same time I am wondering if a complaint would send a signal that these folks need **natural gas and** something needs to be done. We can use what you want out of this. If I need to structure it with more examples, let me know, Also tell me if I need to structure this in a letter. Sorry about the delay.



Montgomery

Attachment

Nov 9, 1998

Dear Eugene,

In the spring of 1997 when I started my 2 Irr wells up on sec 16-3 t-34 , I found out that I couldn't run both of them at the same time. It brought the pressure down to 0 at both wells. I ask Mobil to put a 2 inch tap on unstead of the 1 inch they had. They did that and it still didn't help. We then laid a 3 inch line from the meter to the NE well. A Total of 4030 feet. We then had 4 lb. at the motor with both wells running. I still had 0 lb. at the well on the SW ¼. I was still able to run at 2/3 speed. if I sped the motor up more, it would only run about 5 or 6 hours and die. I renozzled the two sprinklers for the number of gallons J was pumping with the two wells together, and got through the year.

In March of 1998 Mobil sent me a letter. A copy is enclosed. Telling me that they were going to remove my meter on April 20 because of H2S. They said I would have to switch to another fuel. They would not let me hook on to another well in the section. I had no other source of fuel. I was going to have to buy diesel motors. I called Mobil and ask if we could put H2S filters on. Thy said no. I visited with an attorney arid then called Mobil back and told them if they pulled my meter that on existing wells they were: only to be on their road into the well. If I caught them off their road and on my roads taking a short cut to another well I would stop them and have them charged with trespassing. I would seize their truck until damages were paid. I called Mark again and ask him to let us put a sweetener on for just this year until we could get our Non Profit Corporation gas lines laid. Several other people ask the same thing On April 7 1998 we got a letter from Mobil letting us put a sweetener on for Just this year to get through. It did limit the max. that the H2S could be on a well to 50 ppm. I had to put the sweeteners on at 3 locations. On April 28, 1998 I got a letter from Mobil saying that the level of H2S on the Lambert well was 133ppm and that they were terminating it immediately. My Irr. Motor was running that morning when WC checked it. When I got the letter I went over to the well and it was dead. I went to the gas well and they had shut me off. We had just had the gas checked after it went through the sweetener and it only had 4ppm it. I called Mark Haralson on the phone and told him that his own people had just tested the gas after the sweetener and it was 4 ppm. He said they were going to treat the well and it had to be down for 3 days . Then he would have them turn it back on and if it still tested below 10ppm they would let me use it. I got cut off again for 3 days later on in the summer so they could treat their well again.

Back on Sec 16 on the SW Well where I had been running on 0 ib. pressure for over a year, I started having trouble in late July with keeping the well running. The pressure at the gas well had dropped a couple of lb. I had to slow the motor down to where I was only pumping 300gpm to keep the well running. I had been pumping 700GPM. If I shut the well down on the NE then I could run the SW motor up to speed. I have to have both wells running to have enough water for both circles of corn.

These are just my experiences and other farmers in my area had a lot of the same problems. That is why I think it was essential that KCC grant us the NPU status so we could get some high pressure gas lines laid by fall or early spring of 1999 at the latest

Sincerely,
Jerry Stuckey

Mobil Exploration & Producing U.S. Inc.

March 30, 1998

P.O. BOX 2173
2319 NORTH KANSAS
LIBERAL, KANSAS 679052173

Jerry Stuckey
Rt. 1
MOSCOW, KS 87352

SHULER, H.E. UT
Section 16-31S-35W
Stevens County, KS
METER NO.: 27046001125
CONTRACT NO.: t-3354

Dear Jerry Stuckey:

Recent well testing indicates that hydrogen sulfide gas (H₂S) in concentrations above Mobil's safety threshold is present in the gas produced from the captioned well. Our records indicate that you have an irrigation meter connected to this well. You may or may not have received previous correspondence from Mobil indicating that your tap to this well will soon be disconnected.

At your request Mobil is willing to allow you to retain your irrigation tap through the 1998 peak growing season, provided you adhere to the following terms and conditions, prior to using gas from that tap:

1. You will make arrangements with a qualified contractor to install and maintain a device which will sufficiently remove or reduce the hydrogen sulfide content in your irrigation gas to a level below 10 ppm. This equipment will be installed at your sole risk and expense downstream of the irrigation meter.
2. You will attend a basic safety awareness presentation on hydrogen sulfide gas, which Mobil will offer to be held at 5:00 PM CST on April 13, 1998 at Memorial Hall in Hugoton, KS, or attend an accredited training course.
3. You agree to have periodic (at least once each 30 days) H₂S content tests performed on the downstream side of your H₂S extraction equipment in order to assure H₂S concentrations remain below 10 ppm.
4. You agree to execute the attached Release and Indemnification and return it to my attention at the letterhead address.

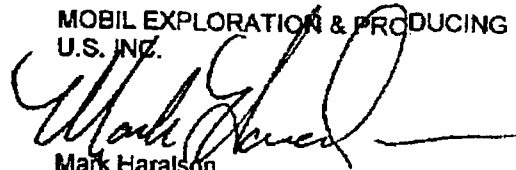
It is extremely important that the hydrogen sulfide extraction equipment referred to above is properly maintained. If you fail to abide by the terms and conditions outlined above, Mobil will immediately terminate the irrigation contract and all gas service from this well.

Also, should the H₂S concentrations exceed 50 ppm at any Mobil operated well, we will immediately terminate the irrigation contract and remove all irrigation meter(s).

If you have questions, please feel free to contact me at (316)-626-1109.

Very Truly Yours,

MOBIL EXPLORATION & PRODUCING
U.S. INC.



Mark Haralson
Senior Staff Landman
Liberal Region

MAH:dah
cc: Jerry Stuckey

Harmond-McElthrin Inc tested well at 8.679 P.P.M.

Mobil Exploration & Producing U.S. Inc.PO BOX2173
2319 NORTH KANSAS
LIBERAL, KANSAS 67905-2173**CERTIFIED MAIL
RETURN RECEIPT REQUESTED****COPY****IMPORTANT NOTICE
READ IMMEDIATELY**

March 12, 1998

Zora Davis
P. O. Box 182
Moscow, KS 67952**H. E. SHULER #2
SECTION 16-31S-35W
STEVENS COUNTY, KANSAS
METER NO.: 27046-1 125
CONTRACT NO. I-3354**

Dear Ms. Davis:

Mobil Exploration & Producing U.S. Inc. ("Mobil") operates the gas well identified above. The well is connected to your irrigation pump by a gas pipeline, which you own and maintain. Mobil provides gas to you from this well under the referenced Irrigation Contract(s).

in recent tests, Mobil discovered hydrogen sulfide (H₂S) in the gas produced from this well. In high concentrations, H₂S may be toxic and may present serious health and safety risks. H₂S may also be corrosive and may cause leaks and loss of pressure in gas pipelines. Enclosed is a Material Safety Data Bulletin, which explains the health and safety risks associated with H₂S.

The potential for health and safety risks may exist where gas which contains H₂S is used for fuel sources, such as your irrigation engines. Therefore, as a preventative measure to protect your health and safety and the health and safety of other persons on Mobil leases, Mobil will disconnect the pipeline and remove the meter connected to gas wells where H₂S is present. There is evidence that is present now or will be present in the near future in the other gas wells on the Unit. Therefore, connections to other gas wells on the Unit are not available.

Consequently, it will be necessary to terminate the Irrigation Gas Contract(s) associated with this well. Pursuant to the terms of the Irrigation Contract(s) referenced above, this letter provides written notice of Mobil's decision to terminate the Contract(s), effective April 17, 1998.

The irrigation meter to your engine(s) will be removed during the week of April 20, 1998. You should make arrangements to convert your irrigation engine(s) to another fuel source, if one is not already available. The pipeline will be disconnected at the wellhead and will not be disturbed in any other way. If any part of the existing pipeline will be used in the conversion, you should arrange to have the pipeline pressure tested first, to insure that it is safe and does not leak.

STATEMENT
FROM Alan Downing

19

TO Jerry Stackey

ADDRESS

CITY

STATE

TERMS

1	Sweetner Mod # H258-48 Lambert # well	800	07
1	Sweetner mod # H258-48 Edward A-1	800	0
	Total	1600	05
	Thanks <u>Alc</u>		

To: Jerry Stuckey
RR 1
Moscow, KS 67952

From: Alan Downing
RR 1 Box 67
Moscow, KS 67952

RE: Installed Gas Sweetener
Mod # #258-48
Dec 16 - 31 - 35

900.00

OK 6402 Thanks.
Alan

LAW OFFICES
SMITHYMAN & ZAKOURA
CHARTERED
750 COMMERCE PLAZA II
7400 WEST 110TH STREET
OVERLAND PARK, KANSAS 66210-2362
(913) 661-9800

LEE M. SMITHYMAN
JAMES P. ZAKOURA
ARTHUR E. RHODES
CONSTANCE L. SHIDLER

www.smizak-law.com
PRACTICE IN KANSAS AND MISSOURI

CARSON M. HINDERKS

November 4, 2013

Received
on

NOV 04 2013

by
State Corporation Commission
of Kansas

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

Re: In the Matter of the Complaint of SWKI-Seward West Central, Inc. and
SWKI-Stevens Southeast, Inc. Against Anadarko Natural Gas Company
KCC Docket No. 14-ANGG-119-COM


Dear Ms. Christensen:

Enclosed please find the original and eight copies of the Reply of Anadarko Natural Gas Company to the Response of SWKI-Seward West Central, Inc. and SWKI-Stevens South East, Inc. to Anadarko'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.