

Policy Act of 1978 (NGPA),¹ requesting that the Commission grant a procedural adjustment in connection with its potential refund liability for reimbursement of Kansas ad valorem taxes otherwise required by the Commission's September 10, 1997 order in Docket Nos. GP97-3-000, GP97-4-000, GP97-5-000, and RP97-369-000.² Pioneer's petition is on file with the Commission and open to public inspection.

The Commission's September 10 order on remand from the D.C. Circuit Court of Appeals³ directed first sellers under the NGPA to make Kansas ad valorem tax refunds, with interests, for the period from 1983 to 1988. The Commission clarified the refund procedures in its "Order Clarifying Procedures" in Northern Natural Gas Company, *et al.*,⁴ stating therein that it would grant extension of the refund due date for royalty refunds if a producer requests such an extension. In addition, the Commission indicated in the January 28 order that it would consider adjustment requests as to the refund amounts and the refund procedures.

Pioneer requests authorization to defer payment to Northern Natural Gas Company, Panhandle Eastern Pipe Line Company, ANR Pipeline Company, Williams Natural Gas Company, KN Interstate Gas Transmission Co., and Colorado Interstate Gas Company (Pipelines) of principal and interest refunds attributable to royalties for one year until March 9, 1999. In addition, Pioneer requests that it be allowed to place into an escrow account certain portions of the remaining refunds allegedly due to Pipelines. Pioneer argues that it seeks to establish these procedures to ensure: (a) that it pays only that which is legitimately owed; and (b) that if it is subsequently determined that its refund liability was less than that originally claimed by Pipelines, it can recover the overpayment.

Pioneer states that a one-year deferral in the obligation to make royalty refunds is necessary in order to allow it to confirm the appropriate refund amounts due, to attempt to locate the prior royalty owners, and to seek recovery of such amounts from the proper royalty owners. On or before March 9, 1999, Pioneer proposes to file

with the Commission documentation of those royalties which were not collectible and disburse to Pipelines those royalty refunds which were recovered (principal only), except for refunds attributable to pre-October 3, 1983, production (which is covered below). At that time, Pioneer proposes to place the interest from royalty refunds which was recovered in its escrow account to protect the royalty owners. In addition, Pioneer argues that its proposal for an escrow account is necessary to protect its property and that of its royalty owners. Pioneer also proposes to place the following amounts into that escrow account: (a) the principal amount of refunds and interest thereon attributable to royalty refunds [during the one-year deferral period]; (b) the principal and interest amount of refunds attributable to production prior to October 3, 1983 (excluding royalties attributable thereto during the one-year deferral period); and (c) the interest due on principal refunds other than royalty refunds (during the one-year deferral period) and pre-October 3, 1983, production refunds. Pioneer requests the one-year deferral and the authorization to place such monies into an escrow account pursuant to the Commission's January 28, 1998, Order Clarifying Procedures.

Any person desiring to be heard or to make any protest with reference to said petition should on or before 15 days after the date of publication in the **Federal Register** of this notice, file with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, a motion to intervene or a protest in accordance with the requirements of the Commission's Rules of Practice and Procedure (18 CFR 385.214, 385.211, 385.1105, and 385.1106). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Any person wishing to become a party to a proceeding or to participate as a party in any hearing therein must file a motion to intervene in accordance with the Commission's Rules.

David P. Boergers,

Acting Secretary.

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DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. SA98-18-000]

Riviera Drilling & Exploration Company; Notice of Petition for Adjustment

March 18, 1998.

Take notice that on March 6, 1998, Riviera Drilling & Exploration Company (Riviera) filed a petition for adjustment under section 502(c) of the Natural Gas Policy Act of 1978 (NGPA),¹ requesting to be relieved of its obligation to pay Kansas ad valorem tax refunds, as required by the Commission's September 10, 1997, order in Docket Nos. GP97-3-000, GP97-4-000, GP97-5-000 and RP97-369-000.² Riviera's petition is on file with the Commission and open to public inspection.

The Commission's September 10 order on remand from the D.C. Circuit Court of Appeals³ directed first sellers under the NGPA to make Kansas ad valorem tax refunds, with interest, for the period from 1983 to 1988. The Commission's September 10 order also provided that first sellers could, with the Commission's prior approval, amortize their Kansas ad valorem tax refunds over a 5-year period, although interests would continue to accrue on any outstanding balance.

Riviera states that in the early 1980's, its became and continues to be the operator of the Pope Haxelton #1-21 and Pope Adamson #1-16 wells, located in the State of Kansas. Riviera states that these wells were determined to be Section 103 natural gas category wells in late 1982. Riviera further states that in 1983, the working interest on these two wells was owned by R.H. Zwicky (90%), R&P Investment (5%) and Lavon Arbogast (5%). In 1984, the working interest was owned by R.H. Zwicky (67.50%), tomar, Inc. (22.50%), R&P Investment (5%) and Lavon Arbogast (5%). Riviera maintains that it merely remained the operator of the two wells and, as operator, acted as agent for all of the working interest and royalty interest owners. Riviera states that as operator, Riviera received ad valorem checks from Northern Natural Gas Company (Northern) on behalf of the working interest and royalty interest

¹ 15 U.S.C. 3142(C)(1982).

² See 80 FERC ¶ 61,264 (1997); order denying reh'g issued January 28, 1998, 82 FERC ¶ 61,058 (1998).

³ *Public Service Company of Colorado v. FERC*, 91 F.3d 1478 (D.C. 1996), cert. denied, Nos. 96-954 and 96-1230 (65 U.S.L.W. 3751 and 3754, May 12, 1997) (Public Service).

⁴ 82 FERC ¶ 61,059 (1998).

¹ 15 U.S.C. 3142(c) (1982).

² See 80 FERC ¶ 61,264 (1997); order denying reh'g issued January 28, 1998, 82 FERC ¶ 61,058 (1998).

³ *Public Service Company of Colorado v. FERC*, 91 F.3d 1478 (D.C. 1996), cert. denied, Nos. 96-954 and 96-1230 (65 U.S.L.W. 3751 and 3754, May 12, 1997) (Public Service).

owners and distributed such amounts to the working interest owners by crediting each owner's respective share against then existing expenses.

Riviera states that subsequent to the September 10 order, Northern contacted Riviera seeking refund of \$183,276.83, the entire amount of funds reimbursed to Riviera on behalf of the working interest and royalty interest owners. However, this amount was later adjusted to \$91,931.92 to reflect the Section 103 well determination.

Riviera asserts that while it may have received refund checks from Northern on behalf of the non-operators, these refunds were disbursed 100% to the working interest and royalty interest owners. Riviera maintains that no such refunds were retained by Riviera.

In view of the above, Riviera requests to be relieved of its obligation to make the Kansas ad valorem tax refunds to Northern because Riviera is not a first seller of natural gas and therefore not responsible for the refund obligation. In the alternative, if the Commission does not grant the relief requested, Riviera requests that it be authorized to present a full hardship argument, and as a second alternative, Riviera requests that it be authorized to present an installment period argument.

Any person desiring to be heard or to make any protest with reference to said petition should on or before 15 days after the date of publication in the Federal Register of this notice, file with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, a motion to intervene or a protest in accordance with the requirements of the Commission's Rules of Practice and Procedure (18 CFR 385.214, 385.211, 385.1105, and 385.1106). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Any person wishing to become a party to a proceeding or to participate as a party in any hearing therein must file a motion to intervene in accordance with the Commission's Rules.

David P. Boergers,
Acting Secretary.

[FR Doc. 98-7537 Filed 3-23-98; 8:45 am]

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DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. SA98-19-000]

Dale Schwarzhoff; Notice of Petition for Adjustment

March 18, 1998.

Take notice that on March 9, 1998, Dale Schwarzhoff (Schwarzhoff) filed a petition for adjustment under section 502(c) of the Natural Gas Policy Act of 1978 (NGPA),¹ requesting a 90-day extension to allow Schwarzhoff and Williams Natural Gas Company (WNG) to resolve any dispute as to the proper amount of the refund liability of Schwarzhoff for the Kansas ad valorem tax refunds, as required by the Commission's September 10, 1997, order in Docket Nos. GP97-3-000, GP97-4-000, GP97-5-000 and RP97-369-000,² and set forth in the Statement of Refunds Due (SRD) addressed to Benson Mineral Group, Inc. (BMG), the operator, or to submit such dispute to FERC for resolution if the parties cannot resolve it within such time, and (2) in order to stop the accrual of interest pending resolution of disputes and legal issues, grant an adjustment to its procedures to allow Schwarzhoff to place into an escrow account not only any disputed amount of the refund amount, but also principal and interest on amounts attributable to production prior to October 4, 1983, and interest on all other amounts claimed to be due under the SRD. Schwarzhoff's petition is on file with the Commission and open to public inspection.

The Commission's September 10 order on remand from the D.C. Circuit Court of Appeals³ directed first sellers under the NGPA to make Kansas ad valorem tax refunds, with interest, for the period from 1983 to 1988. The Commission's September 10 order also provided that first sellers could, with the Commission's prior approval, amortize their Kansas ad valorem tax refunds over a 5-year period, although interest would continue to accrue on any outstanding balance.

It is stated that the SRD submitted to BMG includes tax reimbursements in the amount of \$49,243.49, for the Barngrover #1-#3 well. Schwarzhoff states that this well is classified as a

Section 102 well under the NGPA, which was deregulated as of January 1, 1985. Schwarzhoff further states that it disputes the obligation to refund the tax reimbursements paid by WNG and received by BMG in 1985 and 1986 attributable to the Barngrover #1-#3 well that had been deregulated by that time and for which there was no maximum lawful price. In order to stop the continued accrual of interest; however, pending resolution of disputes and legal issues, Schwarzhoff states that it will place in escrow the amount of \$503.65, representing what Schwarzhoff believes in good faith, after an exhaustive review of the prices received, to be the greatest potential liability attributable to the working interest of Schwarzhoff claimed under the SRD. Alternatively, if retaining these funds in escrow is not permitted, Schwarzhoff requests that WNG be required to repay to Schwarzhoff, with interest, any of the amounts paid to WNG from escrow which subsequently are determined not to have been a part of Schwarzhoff's refund obligation.

Any person desiring to be heard or to make any protest with reference to said petition should on or before 15 days after the date of publication in the Federal Register of this notice, file with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, a motion to intervene or a protest in accordance with the requirements of the Commission's Rules of Practice and Procedure (18 CFR 385.214, 385.211, 385.1105, and 385.1106). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Any person wishing to become a party to a proceeding or to participate as a party in any hearing therein must file a motion to intervene in accordance with the Commission's Rules.

David P. Boergers,
Acting Secretary.

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DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. PR98-9-000]

Tekas Pipeline, L.L.C.; Notice of Petition for Rate Approval

March 18, 1998.

Take notice that on March 4, 1998, Tekas Pipeline L.L.C. (Tekas) filed a

¹ 15 U.S.C. 3142(c) (1982).

² See 80 FERC ¶ 61,264 (1997); order denying reh'g issued January 28, 1998, 82 FERC ¶ 61,058 (1998).

³ *Public Service Company of Colorado v. FERC*, 91 F.3d 1478 (D.C. 1996), cert. denied, Nos. 96-954 and 96-1230 (65 U.S.L.W. 3751 and 3754, May 12, 1997) (Public Service).