

Corporation (MRT) all as more fully set forth in the application on file with the Federal Energy Commission (Commission) and open to public inspection.

Koch Gateway proposes to abandon a transportation service formally provided to MRT pursuant to Koch Gateway's Rate Schedule X-91. Koch Gateway states that MRT concurs with the proposed abandonment and that no facilities are proposed to be abandoned.

Any person desiring to be heard or to make any protest with reference to said application should on or before April 22, 1998, file with the Federal Energy Regulatory Commission, 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 or 385.211) and the Regulations under the NGA (18 CFR 357.10). 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.

Take further notice that, pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Energy Regulatory Commission by Sections 7 and 15 of the NGA and the Commission's Rules of Practice and Procedure, a hearing will be held without further notice before the Commission or its designee on this application if no motion to intervene is filed within the time required herein, if the Commission on its own review of the matter finds that a grant of the certificate is required by the public convenience and necessity. If a motion for leave to intervene is timely filed, or if the Commission on its own motion believes that a formal hearing is required, further notice of such hearing will be duly given.

Under the procedure herein provided for, unless otherwise advised, it will be unnecessary for Koch Gateway to appear or be represented at the hearing.

**Linwood A. Watson, Jr.,**

*Acting Secretary.*

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## DEPARTMENT OF ENERGY

### Federal Energy Regulatory Commission

[Docket Nos. GP98-26-000, GP98-27-000, GP98-28-000, and GP98-29-000 (Not consolidated)]

### ONEOK Resources Company; Notice of Petitions for Dispute Resolution

April 6, 1998.

Take notice that, on March 12, 1998, ONEOK Resources Company (ONEOK Resources), successor to ONEOK Exploration Company (ONEOK Exploration) and Imperial Oil & Gas, Inc., filed:

(1) A petition, in Docket No. GP98-26-000, requesting the Commission to resolve ONEOK Resources' dispute with Northern Natural Gas Company (Northern), over ONEOK Resources' Kansas ad valorem tax refund liability to Northern;

(2) A petition, in Docket No. GP98-27-000, requesting the Commission to resolve ONEOK Resources' dispute with Panhandle Eastern Pipe Line Company (Panhandle), over ONEOK Resources' Kansas ad valorem tax refund liability to Panhandle;

(3) A petition to Docket No. GP98-28-000, requesting the Commission to resolve ONEOK Resources' dispute with Williams Gas Pipelines Central, Inc., formerly: Williams Natural Gas Company (Williams), over ONEOK Resources' Kansas ad valorem tax refund liability to Williams; and

(4) A petition in Docket No. GP98-29-000, requesting the Commission to resolve ONEOK Resources' dispute with KN Interstate Gas Transmission Company (KNI), over ONEOK Resources' Kansas ad valorem tax refund liability to KNI.

The Commission, by order issued September 10, 1997, in Docket No. RP97-369-000 *et al.*,<sup>1</sup> on remand from the D.C. Circuit Court of Appeals,<sup>2</sup> required first sellers to refund the Kansas ad valorem tax reimbursements to the pipelines, with interest, for the period from 1983 to 1988. In its January 28, 1998, Order Clarifying Procedures, the Commission stated that producers (i.e., first sellers), could file dispute resolution requests with the Commission, asking the Commission to resolve the dispute with the pipeline over the amount of Kansas ad valorem

tax refunds owed, see 82 FERC ¶ 61,059 (1998). ONEOK Resources' petitions are on file with the Commission and open to public inspection.

In each petition, ONEOK Resources states that: (1) it has no records prior to its purchase of certain producing interests in the State of Kansas; (2) it assumed the obligation for those producing interests on September 1, 1985; (3) through the close of business on March 9, 1998, it attempted to resolve its differences with each pipeline; (4) its attempts failed with respect to each pipeline; and (5) it now requests the Commission to establish procedures to resolve the issue of the correct amount of the refunds due each pipeline.

In its petition in Docket No. GP98-26-000, ONEOK Resources states that it disputes owing \$21,386.07, plus interest, to Northern, and has placed that money into escrow. ONEOK Resources states that it has paid Northern the remaining balance of \$4,952.60 in principal and \$10,717.32 in interest.

In its petition in Docket No. GP98-27-000, ONEOK Resources concludes that it does not owe Panhandle any refunds for the 1985 Kansas ad valorem tax reimbursements, because it did not receive the maximum lawful price for those gas sales. Therefore, ONEOK Resources concludes that it does not owe Panhandle the \$12,326.09 and \$18,555.79 in related interest to Panhandle. ONEOK Resources states that it has placed these amounts into escrow. ONEOK Resources further concludes that it does not owe Panhandle the \$76,366.95 in principal and \$166,902.91 in related interest pertaining to Kansas ad valorem tax reimbursements that were paid to an individual prior to ONEOK Resources' acquisition of that individual's working interest in the wells. ONEOK Resources states that the remaining \$16,467.51 in principal and \$30,379.94 in related interest has been paid to Panhandle.

In its petition in Docket No. GP98-28-000, ONEOK Resources states that it received a copy of a Statement of Gas Settlement, dated September 25, 1986, identifying \$6,642.24 of the original \$15,526.45 of principal requested by Williams. ONEOK Resources states that it is trying to confirm this information, and that it will dispute the remaining \$8,884.22 of principal, and the related interest, until it confirms this information. ONEOK Resources also states that it disagrees with Williams' interest calculation methodology. ONEOK Resources contends that interest should be computed from the date the check was issued (September

<sup>1</sup> See 80 FERC ¶ 61,264 (1997); order denying reh'g issued January 28, 1998, 82 FERC ¶ 61,058 (1998).

<sup>2</sup> *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).

26, 1986) to ONEOK Exploration, rather than the date that ONEOK Exploration paid the ad valorem tax to the State of Kansas. According to ONEOK Resources, the true interest on the \$6,642.24 principal is \$10,381.41. ONEOK Resources states that the revised total (\$17,023.65) has been remitted to Williams.

In its petition in Docket No. GP98-29-000, ONEOK Resources states that it has requested verification from KNI concerning the statement that KNI sent, requesting payment of \$46,491.46. ONEOK Resources states that such verification was not received until March 9, 1998, that it has not had time to review this information, and that it has placed the entire sum into escrow.

Any person desiring to comment on or make any protest with respect to any of the above-referenced petitions should, on or before April 22, 1998, file with the Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426, a motion to intervene or protest in accordance with the requirements of the Commission's Rules of Practice and Procedure (18 CFR 385.214 or 385.211). 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 the proceeding, or to participate as a party in any hearing therein, must file a motion to intervene in accordance with the Commission's Rules.

**Linwood A. Watson, Jr.,**

*Acting Secretary.*

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## DEPARTMENT OF ENERGY

### Federal Energy Regulatory Commission

[Docket No. GP98-25-000]

#### Plains Petroleum Company and Plains Petroleum Operating Company; Notice of Petition for Procedural Adjustment and Dispute Resolution

April 6, 1998.

Take notice that on March 9, 1998, Plains Petroleum Company and Plains Petroleum Operating Company (Plains), filed a petition for procedural adjustment and dispute resolution with the Commission. Plains requests Commission authorization to place certain disputed Kansas ad valorem tax refund amounts and potential refund amounts attributable to royalty interest owners into an interest-bearing escrow

account, pending resolution of Plains dispute with K N Interstate Gas Transmission Company (KNI), over the amount of Kansas ad valorem tax refunds that Plains owes KNI. Plains further requests that the Commission resolve Plains' dispute with KNI as to whether Plains owes KNI Kansas ad valorem tax refunds when Plains was a wholly-owned subsidiary of KN Energy, Inc., (KNE). Plains now reiterates, in Docket No. GP98-25-000, its request for a summary ruling that KNE is responsible for these refunds. Plains' petition is on file with the Commission and open to public inspection.

In Part I of its petition in Docket No. GP98-25-000, Plains explains that KNI's original \$10,413,154.37 refund claim against Plains was too high, and that Plains has been able to demonstrate that, for much of the 1986 through mid-1988 time period covered by KNI's Statement of Refunds Due, in Docket No. RP98-53-000, the total contract price paid by KNE for Plains' gas, including the Kansas ad valorem tax reimbursements, was less than the applicable maximum lawful price for that gas. Plains further explains that KNI has since issued a revised invoice to Plains in the amount of \$2,705,260.92. Plains, however, continues to dispute portions of this total and requests that the Commission authorize Plains to escrow disputed amounts, that the Commission permit Plains to defer payment of refunds related to royalty interests while Plains determines whether such sums are uncollectible, and that the Commission, in the interim, allow Plains to escrow potential royalty refund amount. Specifically, Plains contends that the Commission should authorize it:

(1) To defer payment and escrow, for one year, the \$476,987.18 in principal and interest that Plains owes in refunds with respect to its working interests;

(2) To recalculate its own refund obligation to exclude the refunds attributable to other working interest owners, for which Plains is not responsible; and

(3) To place \$1,344,824.32, representing the remaining principal and interest amounts, into an escrow account, pending the outcome of proceedings before the Commission and the courts regarding whether Plains is liable for refunds associated with (a) the grossed-up tax, (b) interest on the grossed-up tax, (c) interest generally on the refund principal.

In Part II of its pleading in Docket No. GP98-25-000, Plains explains that KNE contends that Plains owes \$2,848,688.12 in principal and interest for Kansas ad valorem tax reimbursements that KNE

allegedly made to Plains in January and June of 1985, during the period that Plains was KNE's wholly-owned subsidiary. Plains disputes that it owes any part of this amount, and requests the Commission to summarily rule that KNE is responsible for refunding these sums or, in the alternative, to require KNE to prove that it did not retain the refund monies at issue and enjoy the use of those funds, since 1985. Plains previously requested a summary ruling from the Commission on this issue in Docket No. GP97-6-000, and incorporates by reference the claims, facts, and arguments contained in its pleadings in that docket.

In the GP97-6-000 pleading, Plains requested that the Commission summarily rule that KNE should be required to make any Kansas ad valorem tax refunds that Plains might otherwise be required to make for the period from October 1, 1984 through September 13, 1985. In support of its request, Plains explained:

(1) That Plains Petroleum Company was a wholly-owned subsidiary of KNE until September 30, 1985;

(2) That Plains Petroleum Company was the lessee with respect to certain leases within the State of Kansas, from October 1, 1984 through November 30, 1986;

(3) That the Kansas leases were transferred to Plains Petroleum Operating Company, effective December 1, 1986;

(4) That Plains either did not receive Kansas ad valorem tax reimbursements from KNE during the period from October 1, 1984 through September 13, 1985, or returned any Kansas ad valorem tax reimbursements it did receive to KNE by means of a \$1,051,000 dividend that was paid to KNE on June 30, 1985; and

(5) That, by means of the \$1,051,000 dividend, KNE withdrew virtually all cash from Plains Petroleum Company, leaving Plains Petroleum Company with only \$18,211 in cash as of June 30, 1985.

In view of the above, Plains asserted in Docket No. GP97-6-000 that KNE was the entity enriched by the reimbursement of Kansas ad valorem taxes, that KNE (not Plains) retained the use of those funds. Therefore, Plains requested that the Commission summarily rule that any Kansas ad valorem tax refunds that Plains might otherwise be required to make, for the period from October 1, 1984 through September 13, 1985, should be made by KNE or, in the alternative, that the Commission require KNE to show that KNE did not receive value from Plains (in the form of dividends, or otherwise) for any Kansas ad valorem tax