

107 FERC ¶ 61,155
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D. C. 20426

May 10, 2004

In reply refer to:
Docket Nos. RP98-39-035

Ross, Marsh & Foster
Attn: Bernard A. Foster, III
Attorney for Ensign Oil & Gas Inc. and
Ensign Operating Co.
2001 L Street, N.W. Suite 400
Washington, D. C. 20036

Gallagher, Boland and Meiburger LLP
Attn: Frank X. Kelly
Attorney for Northern Natural Gas Company
1023 15th Street, N.W. Suite 900
Washington, D. C. 20005

Dear Messrs. Foster and Kelly:

1. On March 15, 2004, Northern Natural Gas Company (Northern Natural) and Ensign Oil & Gas Inc. and Ensign Operating Co. (collectively, Ensign) filed in the referenced proceedings a Supplemental and Final Settlement Resolving All Reserved Issues (Settlement) among Northern Natural and Ensign.
2. On March 29, 2004, initial comments relative to the Settlement were filed. No party filed comments opposing the Settlement. No reply comments were filed.
3. On April 7, 2004, the Presiding Administrative Law Judge certified the Settlement to the Commission as uncontested.
4. The Settlement addresses Northern Natural's claim for additional refunds of Kansas ad valorem tax reimbursements paid to predecessors-in-interest of Ensign over and above those refunds previously resolved by the November 20, 2000 Settlement Agreement (November 20 Settlement) which the Commission approved on December 27, 2000.¹

¹ 93 FERC ¶ 61,311 (2000).

5. Article III of the Settlement establishes the level of the refund that Ensign will pay Northern Natural. Article IV provides for the establishment of an escrow account into which that refund will be paid. Article V provides that Northern Natural shall be paid the refund amount, together with any net escrow interest, within three days of the date upon which the Commission order approving the Settlement without modification becomes final and non-appealable.

6. Article VI provides Ensign with a full and complete release from any further liability for Kansas ad valorem tax reimbursements on Northern Natural's system related to the period prior to June 28, 1988, provided that if subsequent to the filing of the Settlement Ensign acquires a controlling ownership interest in the common stock or partnership shares of an Exhibit No. 2, 3 or 6 producer that has not settled its refund obligation hereunder, such unresolved claims shall not be extinguished.

7. The Commission finds that the Settlement appears to be fair, reasonable and in the public interest. Accordingly, the Commission approves the Settlement.

8. This letter terminates Docket No. RP98-39-035.

By direction of the Commission.

Linda Mitry,
Acting Secretary.

cc: All Parties