

125 FERC ¶ 61,268
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

Canyon Creek Compression Company

Docket No. CP08-433-000

ORDER APPROVING ABANDONMENT

(Issued December 5, 2008)

1. On June 30, 2008, Canyon Creek Compression Company (Canyon Creek) filed an application pursuant to section 7(b) of the Natural Gas Act (NGA) for authority to abandon: (1) its compressor station and pipeline facilities in Wyoming; (2) its Part 284, Subpart G blanket certificate authorizing open-access transportation of natural gas in interstate commerce; and (3) its Part 157, Subpart F blanket certificate authorizing certain eligible construction activities and abandonments. As explained below, we will grant the requested abandonment authorizations as permitted by the public convenience and necessity to become effective as discussed herein.

I. Background and Proposal

2. Canyon Creek owns and operates Compressor Station 730 (CS 730) which consists of four 5,500 horsepower electric motor-driven compressor units, approximately 1,500 feet of pipeline facilities, and three pipeline delivery points near Evanston in Uinta County, Wyoming.¹ CS 730 was constructed to receive up to 193 million cubic feet per day of natural gas at Canyon Creek's one receipt point at the outlet of BP America's

¹ *NGPL-Canyon Creek Compression Co.*, 18 FERC ¶ 61,280 (1982) (certificate to construct facilities); *Canyon Creek Compression Co. and NGPL-Canyon Creek Compression Co.*, 21 FERC ¶ 61,352 (1982) (new certificate holder authorized); *Canyon Creek Compression Co.*, 43 FERC ¶ 61,191 (1988) (accepting open-access tariff provisions for transportation service under section 311 of the Natural Gas Policy Act (NGPA)); *Canyon Creek Compression Co.*, 48 FERC ¶ 62,095 (1989) (Subpart G blanket certificate issued); *Canyon Creek Compression Co.*, 57 FERC ¶ 62,099 (1991) (Part 157, Subpart F blanket certificate issued).

(formerly Amoco Production Company) Whitney Canyon Creek gas processing plant, compress such gas, and redeliver it to interstate pipelines.

3. On November 17, 1982, Canyon Creek commenced firm compression services under case-specific section 7(c) authorizations to deliver natural gas supplies to Natural Gas Pipeline Company of America, Colorado Interstate Gas Company, and Mountain Fuel Supply Company (now Questar Pipeline Company) (Questar). In 1989, Canyon Creek began providing open-access, Part 284 transportation services consisting of compression/delivery service under Rate Schedule FCS (firm transportation and compression service) and Rate Schedule ICS (interruptible transportation and compression service). As a result of restructuring pursuant to Order No. 636, Canyon Creek cancelled its rate schedules and services under its case-specific certificate authorizations.

4. By October 1, 2007, BP America ceased operations at the Whitney Canyon Creek gas processing plant. As a result, Canyon Creek asserts that its facilities are no longer needed to deliver gas from the processing plant to downstream pipelines. Canyon Creek explains that its last firm service agreements terminated on November 17, 2002, and that its last interruptible service ended on September 3, 2007. Canyon Creek states that it will terminate its currently effective service agreements after the Commission grants its requested authorizations.

5. Canyon Creek explains that after closure of BP America's processing plant, the raw gas that used to be processed there has been re-routed through BP America's and ChevronTexaco's gathering systems to the inlet side of the Chevron Carter Creek gas processing plant. The residue gas from the Chevron Carter Creek gas processing plant is delivered to Overthrust Pipeline Company, Questar, and Kern River Gas Transmission Company

6. Canyon Creek requests authority to abandon its facilities on the grounds that the facilities are no longer needed to compress gas processed at the BP America processing plant. After the Commission issues an order approving its requests, Canyon Creek asserts that it will make a filing to cancel its FERC Gas Tariff, Third Revised Volume No. 1. In support of its request, Canyon Creek emphasizes that although it currently has no customers, it continues to incur operating and maintenance expenses. The specific facilities proposed to be abandoned include the 22,000 horsepower compression facilities and compressor building, metering facilities, all station equipment and piping, two inlet pipelines, a 24-inch diameter discharge pipeline and connecting 12-inch diameter

pipeline, and an electrical substation. The pipeline facilities total approximately 1,500 feet.²

7. Canyon Creek states that it may be able to find a purchaser for some of its facilities. Hence, Canyon Creek requests flexibility in the timing and method for the disposition of its facilities. Specifically, Canyon Creek asks for the authorization initially to abandon in place facilities pending any possible future sale of all or a portion of the facilities. Canyon Creek states that any pipeline facilities for which it finds purchasers would be isolated, purged with air, and capped. Canyon Creek states that it would physically remove any facilities not sold within a three-year period and return the site to its original condition. Canyon Creek filed Exhibit F-1 (Environmental Resource Report No. 1) based on the possibility of abandonment of CS 730 by physical removal and returning the site back to its original condition. Canyon Creek states that it would notify the Commission of its final disposition of facilities by the end of its requested three-year abandonment period or earlier, should Canyon Creek determine that no sale of any or all of its facilities is possible.

8. On October 1, 2008, Canyon Creek filed a supplement to its application stating that it is continuing its efforts to find purchasers for its facilities. Because it is concerned that it may be obligated to accept new requests for service that would hinder its ability to dispose of its facilities, Canyon Creek states that its first priority is to eliminate, as soon as possible, its open-access service obligation.

II. Notice and Interventions

9. Notice of Canyon Creek's petition was published in the *Federal Register* on July 16, 2008 (73 Fed. Reg. 40,862). Colorado Interstate Gas Company filed a timely, unopposed motion to intervene.³ No protests, motions to intervene in opposition, or adverse comments were filed.

² Canyon Creek's facilities are described in detail in Resource Report No. 1.1.2 filed with its application.

³ Timely, unopposed motions to intervene are granted by operation of Rule 214 of the Commission's Rules of Practice and Procedure. 18 C.F.R. § 385.214 (2008).

III. Discussion

10. Canyon Creek's facilities are certificated and have been used to transport natural gas in interstate commerce. Thus, Canyon Creek's proposal to abandon its facilities and certificates are subject to section 7(b) of the NGA.

11. CS 730 and related pipeline facilities are no longer used for their intended purpose of compressing natural gas, and Canyon Creek no longer delivers natural gas to interstate pipeline connections. Unless abandoned, these facilities will require Canyon Creek to continue to incur operating expenses. Accordingly, we will grant Canyon Creek's requests for abandonment of facilities and its Subpart G and Subpart F blanket certificates. It is reasonable that Canyon Creek does not want to enter into any new service agreements that could hinder its abandonment of facilities. Thus, we will make its abandonment of its Subpart G blanket certificate effective with the issuance of this order and we will require Canyon Creek to file to terminate its open-access tariff.

12. However, this order's authorization for Canyon Creek to abandon its facilities and its Subpart F blanket certificate may not be exercised until certain conditions have been met. Canyon Creek needs additional time to determine the feasibility of selling its facilities. Also, Canyon Creek may need to rely on its Part 157, Subpart F blanket certificate in order, for example, to isolate particular facilities for which it finds a purchaser. Therefore, once Canyon Creek knows how it wishes to dispose of its facilities, it must file its proposal for disposition of its facilities with the Office of Energy Projects, which will perform an environmental review of such proposal. Upon clearance by the Director of the Office of Energy Projects and satisfaction of any conditions thereon, Canyon Creek may abandon its facilities and its Part 157, Subpart F blanket certificate. This abandonment authority will remain in effect for three years from the date of this order.

13. The Commission on its own motion, received and made a part of the record all evidence, including the application, and exhibits thereto, submitted in this proceeding, and upon consideration of the record,

The Commission orders:

(A) Canyon Creek is granted authority under section 7(b) of the NGA to abandon facilities, its Part 284, Subpart G blanket certificate, and its Part 157, Subpart F blanket certificate.

(B) Abandonment of the Part 284, Subpart G blanket certificate is effective upon the date of issuance of this order.

(C) Canyon Creek shall file its proposal for disposition of its facilities with the Office of Energy Projects for environmental review. Upon clearance by the Director of OEP and satisfaction of any conditions thereon, Canyon Creek may exercise the authorization for abandonment of its facilities and Part 157, Subpart F blanket certificate. This conditional abandonment authority will remain in effect for three years from the date of this order.

(D) Within thirty days of the date of this order, Canyon Creek shall file under section 4 of the NGA to cancel its FERC Gas Tariff, Third Revised Volume No. 1.

(E) Canyon Creek shall notify the Commission within 10 days of each abandonment of facilities. The abandonment of Canyon Creek's Part 157, Subpart F blanket certificate will become effective upon the date Canyon Creek files its final notification for the abandonment of its facilities.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.