

128 FERC ¶ 61,122  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

Colorado Interstate Gas Company  
Chipeta Processing LLC

Docket No. CP09-45-000  
Docket No. CP09-48-000

ORDER AUTHORIZING ABANDONMENT  
AND DETERMINING JURISDICTIONAL STATUS OF FACILITIES

(Issued August 3, 2009)

1. On January 13, 2009, Colorado Interstate Gas Company (CIG) filed an application under section 7(b) of the Natural Gas Act (NGA) seeking Commission approval for CIG to abandon by sale to Chipeta Processing LLC (Chipeta) the Natural Buttes Compressor Station and Processing Plant, a five-mile segment of Line No. 155A, including two meter stations, and other appurtenant facilities, all located in Uintah County, Utah. On January 15, 2009, Chipeta filed a petition for a declaratory order requesting that the Commission determine that, following the transfer of those facilities to Chipeta, the subject facilities will be production and gathering facilities exempt from the Commission's NGA jurisdiction pursuant to section 1(b) of the NGA.

2. For the reasons discussed below, the Commission finds that the proposed abandonment is in the public interest. In addition, the Commission finds that upon acquisition by Chipeta, the facilities will perform a gathering function exempt from the Commission's jurisdiction under section 1(b) of the NGA.

**I. Background**

3. CIG is a natural gas company as defined in the NGA engaged in the open-access transportation, sale and storage of natural gas in interstate commerce. CIG is authorized to conduct business in Colorado, Kansas, Montana, New Mexico, Oklahoma, Texas, Utah, and Wyoming. CIG's interstate transmission system extends from supply areas in Texas, Oklahoma, Kansas, Colorado, Wyoming, Montana, and Utah to major delivery areas along the eastern slope of the Rocky Mountains in Colorado and Wyoming and to major off-system delivery points.

4. Chipeta is a limited liability company organized under the laws of the State of Delaware. Anadarko Petroleum Uintah Midstream, LLC, (Anadarko Uintah), a wholly owned indirect subsidiary of Anadarko Petroleum Corporation (Anadarko Petroleum), is Chipeta's managing member. Chipeta is owned 75 percent by Anadarko Uintah and 25 percent by Ute Energy, LLC, which is in turn owned by Quantum Resources Management and the Ute Indian Tribe of the Uintah and Ouray Indian Reservation, Utah. Chipeta is engaged in the processing of natural gas in the Greater Natural Buttes Production Area in Uintah County. Chipeta does not own or operate any jurisdictional interstate natural gas transportation assets subject to regulation by the Commission under the NGA.

**A. History of CIG's Uinta Basin Lateral Pipeline Project**

5. CIG states that during the 1980s and 1990s, prior to the construction of the facilities to be abandoned, it operated significant natural gas production and gathering facilities in the Greater Natural Buttes Production Area. As production and demand in the region for additional gas supplies increased, CIG decided to construct and operate a direct outlet for gas from the Natural Buttes production area to satisfy transportation demands from third party producers. In 1992<sup>1</sup>, CIG received Commission authority for the construction and operation of its Uinta Basin Lateral Pipeline Project.<sup>2</sup>

6. The Uinta Basin Lateral Pipeline Project included, among other things, the construction of approximately 223 miles of 20-inch diameter pipeline (Line No. 155A), the Natural Buttes Compressor Station, measurement stations, and the Natural Buttes Processing Plant (Natural Buttes Plant)<sup>3</sup> all located at the Natural Buttes Compressor Station site.<sup>4</sup> The compressor station consists of four 5,278 horsepower (hp) (ISO)

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<sup>1</sup> *Colorado Interstate Gas Co.*, 59 FERC ¶ 61,364 (1992).

<sup>2</sup> CIG notes that the term "Uintah" is used in reference to the county in Utah and CIG's Uintah Meter Station. The term "Uinta" is used in reference to CIG's Uinta Basin Lateral Pipeline.

<sup>3</sup> The term "Natural Buttes Plant" includes the compression facilities and the processing facilities.

<sup>4</sup> In addition to the gas processing plant, CIG notes that various other non-jurisdictional auxiliary facilities such as cathodic protection and microwave communication systems were also constructed in association with the project pursuant to section 2.55(a) of the Commission's regulations. CIG notes that these facilities, as well as the jurisdictional facilities for which abandonment authority is requested, will be sold and transferred to Chipeta upon receipt of the requested abandonment authority. All of

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turbine-driven centrifugal units (a total of 21,112 hp) at the western terminus, or beginning, of Line No. 155A in Uintah County in the Greater Natural Buttes Production Area.<sup>5</sup> The compressor station discharges gas into the Natural Buttes Plant, which, in turn, delivers gas into Line No. 155A at a design pressure of approximately 988 pounds per square inch absolute (psia). The Natural Buttes Plant was constructed and designed as a gas processing facility within the Natural Buttes Compressor Station yard for dew point control and removal of water and natural gas liquids from the gas stream to promote the efficient operation of CIG's Line No. 155A.<sup>6</sup>

### **B. Other Facilities in the Greater Natural Buttes Production Area**

7. CIG's Natural Buttes Plant and Chipeta's newly constructed Chipeta Plant are located approximately five miles from one another in the Greater Natural Buttes Production Area. Gas flows from the tailgate of the Natural Buttes Plant into Line 155A, which passes beneath the Chipeta Plant, to downstream markets.<sup>7</sup> The Natural Buttes Plant and the Chipeta Plant (as well as the Stage Coach Plant operated by Questar Gas Management Company (QGMC), and the Bridge Plant operated by Anadarko Uintah) process gas received through a spider-web network of many hundreds of miles of gathering systems in the Greater Natural Buttes Production Area. The Natural Buttes, Chipeta, Stage Coach, and Bridge Plants deliver processed, pipeline quality natural gas to various interstate and intrastate pipelines, including CIG, Wyoming Interstate Company (Wyoming Interstate), Northwest Pipeline Company, Questar Pipeline Company (Questar), and QGMC.<sup>8</sup>

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the facilities subject to the sale are identified in Exhibit A to the Purchase and Sale Agreement.

<sup>5</sup> The Greater Natural Buttes Production Area is comprised of several geographically proximate production fields, including the Natural Buttes, Uintah, Stage Coach, Chapita, Bonanza, Ute Trail, and Cottonwood Fields.

<sup>6</sup> CIG states that following CIG's unbundling activities in association with its restructuring in Docket No. RS92-4-000, the Natural Buttes Processing Plant was found to be a jurisdictional mainline facility for rate purposes and treated in CIG's rates in the same way as CIG's Rawlins processing facility.

<sup>7</sup> Line No. 155A and the Chipeta Plant are not connected.

<sup>8</sup> QGMC is a non-jurisdictional intrastate pipeline.

## 1. Anadarko Uintah's Gathering Facilities

8. Anadarko Uintah operates more than 586 miles of gathering lines with a diameter of 4.5 inches or less, plus more than 109 miles of gathering lines with a diameter of 12.5 inches or less, upstream from the Natural Buttes and Chipeta Plants.<sup>9</sup> Anadarko Uintah's gathering facilities in the Greater Natural Buttes Production Area comprise three distinct systems — a low pressure, an intermediate pressure, and a high pressure system. Anadarko Uintah's intermediate pressure system delivers unprocessed gas at 300-400 psig to the inlet of the Natural Buttes Plant or to one of five larger facilities operated by Anadarko Uintah throughout the Greater Natural Buttes Production Area. Compression at the inlet of the Natural Buttes Plant raises the pressure to 1,000 psig so that the gas may be delivered to jurisdictional facilities at the tailgate of the plant. By contrast, since there is no additional compression at the inlet to the Chipeta Plant, Anadarko Uintah's high-pressure system delivers to the Chipeta Plant at an inlet pressure of 800-825 psig.

## 2. Questar's Jurisdictional Pipeline

9. Questar's jurisdictional 20-inch diameter interstate pipeline comes within a hundred yards of the Natural Buttes and Chipeta Plants, essentially paralleling CIG's Line No. 155A from the vicinity of the Natural Buttes Plant to the Chipeta Plant. There is a bi-directional interconnect between Questar's pipeline and the Natural Buttes Plant. The interconnect permits processed gas to be delivered into Questar's pipeline from the Natural Buttes Plant and from Questar's pipeline to CIG's Line No. 155A through the Natural Buttes Plant. There is currently no interconnect between Questar's pipeline and the Chipeta Plant.

## C. Current Operation of Facilities

10. As stated above, unprocessed natural gas gathered through gathering lines operated by Anadarko Uintah upstream from the Natural Buttes Plant is delivered into the inlet of the Natural Buttes Plant for compression and processing. After processing, gas is delivered from the tailgate of the plant to Questar's jurisdictional pipeline or to CIG's Line No. 155A.<sup>10</sup>

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<sup>9</sup> Chipeta operates an additional 4.79 miles of 20-inch diameter gathering line upstream from the Natural Buttes and Chipeta Plants.

<sup>10</sup> Chipeta notes that gas meeting Questar's, but not CIG's, quality specifications may also be delivered from Questar's jurisdictional pipeline to CIG's Line No. 155A through the Natural Buttes Plant. Chipeta states that CIG's gas quality specifications, particularly its hydrocarbon dew point specifications, are more stringent than those of Questar.

11. The same gathering systems that supply the Natural Buttes Plant generally also supply unprocessed gas to the Chipeta Plant. From the tailgate of the Chipeta Plant, pipeline quality gas is delivered through a header system located within the Chipeta Plant fence line to interstate (Wyoming Interstate and CIG) and intrastate (QGMC) pipelines.<sup>11</sup>

12. Portions of the same gathering systems that supply the Natural Buttes Plant and the Chipeta Plant also supply unprocessed gas to Anadarko Uintah's Bridge Plant.<sup>12</sup> The Bridge Plant is a small plant with a capacity of 45 million cubic feet per day (MMcf/d), and primarily processes gas produced by Anadarko Petroleum and gathered through third-party gathering systems to an interconnect with Anadarko Uintah's gathering facilities in the vicinity of the Bridge Plant. Currently, pipeline quality gas is delivered from the tailgate of the Bridge Plant only to CIG or QGMC.

## **II. Proposals**

### **A. CIG's Request for Abandonment Authority**

13. CIG requests authority to abandon by sale to Chipeta: (1) the Natural Buttes Plant (and associated compression and processing services); (2) approximately five miles of the 20-inch outside diameter Line No. 155A, extending from the outlet of the Natural Buttes Plant to CIG's Anabuttes Meter Station;<sup>13</sup> (3) CIG's Coyote Wash and Saddle Draw Meter Stations;<sup>14</sup> and (4) related measurement and appurtenant facilities. CIG's application indicates that the preliminary sale price for the subject facilities is approximately \$9 million, \$5,730,977.28 above their net book value of \$3,269,023.72.<sup>15</sup>

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<sup>11</sup> Chipeta notes that the Chipeta Plant is a newer and more efficient plant than the Natural Buttes Plant, both in terms of operating costs and liquid fraction recovery.

<sup>12</sup> The Bridge Plant is operated by Chipeta, and Chipeta leases processing capacity at the Bridge Plant.

<sup>13</sup> The Anabuttes Meter Station is "located in the immediate proximity" to the Chipeta Plant.

<sup>14</sup> The Coyote Wash Meter Station is a receipt point between Anadarko Uintah and CIG's Line No. 155A. The Saddle Draw Meter Station is the delivery point to CIG's Line No. 155A from the Bridge Plant.

<sup>15</sup> CIG also notes that the sale price will be adjusted at closing to account for certain line pack and negative salvage (soils remediation). See sections 6.5(b) (iii) and 8.1 of the purchase and sale agreement included in Exhibit U to CIG's application.

14. CIG and Chipeta note that the Natural Buttes Plant is an older plant that is relatively inefficient in terms of operating cost, operating flexibility and the fraction of liquids recovered. Due to increased third-party gas processing activities and the proximity of the Chipeta Plant to the Natural Buttes Plant, CIG states that much of the gas from the Natural Buttes Production Area is now bypassing the Natural Buttes facilities, so that the volumes of natural gas compressed and processed at the Natural Buttes facilities have steadily declined over the last six years from approximately 150 MMcf/d to as low as 30 MMcf/d, or by approximately 80 percent. CIG states that if this decline continues the minimum design capacity of the Natural Buttes facilities will be reached, CIG will no longer be able to operate the facilities, and they will have to be shut in.

15. CIG proposes to transfer and contractually re-designate the point at which gas is delivered to customers to the Anabuttes Meter Station at the eastern terminus of the segment of Line No. 155A to be sold to Chipeta. Since Chipeta intends to operate the subject facilities in conjunction with the Chipeta Processing Plant, CIG states that the customers behind these facilities will not have their service interrupted. Since Chipeta will perform virtually all of the operations that CIG has performed with these facilities, CIG states that the day-to-day operations of third-party customers will be unaffected by the sale and transfer. Accordingly, CIG does not expect the proposed abandonment to have any adverse impacts on operations or services provided to third-party transportation customers, i.e., third-party transportation customers should see no significant change in the way gas is compressed, processed, scheduled, or delivered.

#### **B. Chipeta's Request for a Jurisdictional Determination**

16. Following CIG's abandonment of the Natural Buttes Plant, Chipeta proposes to make the following modifications to the Natural Buttes Plant, the Chipeta Plant, and the five-mile pipeline segment of Line No. 155A (to be known as the Plant Interconnect Line) downstream from the Natural Buttes Plant:

(1) The Plant Interconnect Line will be physically separated from the remainder of CIG's Line No. 155A. The point of physical separation will occur at the Chipeta Plant. Following separation, the Plant Interconnect Line will be converted to bi-directional operation between the Natural Buttes, Chipeta, and Bridge Plants.

(2) At the Chipeta Plant, a header system will connect both the inlet and the tailgate of the Chipeta Plant and the inlet and the tailgate of the Bridge Plant to the Plant Interconnect Line near the point of physical separation of the Plant Interconnect Line from Line No. 155A. The header will enable unprocessed gas to flow from the Natural

Buttes Plant and/or the Bridge Plant to the Chipeta Plant for processing.<sup>16</sup> The header will also allow processed gas to flow from the Natural Buttes Plant and/or the Bridge Plant to the Chipeta Plant for delivery to QGMC, Wyoming Interstate, or CIG at the tailgate of the Chipeta Plant.

(3) By reversal of the historical direction of flow of the Plant Interconnect Line, the new tailgate header will enable processed, pipeline quality gas to be delivered from the Chipeta Plant and/or the Bridge Plant to Questar through the pipeline receipt point located at the interconnect between Questar's pipeline and the Natural Buttes Plant. In addition, unprocessed gas that has bypassed the Chipeta Plant and/or the Bridge Plant may flow to the Natural Buttes Plant through the Plant Interconnect Line for processing and delivery to Questar's pipeline at the tailgate of the Natural Buttes Plant.

(4) At the Natural Buttes Plant, the existing bi-directional interconnect with Questar's pipeline will be reconfigured as a delivery point only to Questar's pipeline, assuring that jurisdictional interstate gas is no longer physically able to flow from Questar's pipeline into the facilities proposed to be abandoned (and thereby, potentially to intrastate pipeline transporters connected to the Chipeta Plant). The delivery point to Questar's pipeline will permit processed gas from the Natural Buttes Plant and, by reversal of flow, processed gas from the Chipeta Plant and/or the Bridge Plant, to flow through the Plant Interconnect Line to Questar's pipeline, providing a new market opportunity for suppliers upstream from the Bridge Plant and the Chipeta Plant.

(5) The old turbine compressors at the inlet to the Natural Buttes Plant will be removed. The inlet to the Natural Buttes Plant will be connected directly to Anadarko Uintah's high pressure gathering system, enabling gas to be delivered directly to the Natural Buttes Plant at an inlet pressure of 800-825 psig in order to achieve cost and environmental savings, as CIG's older gas-powered turbine compressors will be replaced by compression at Anadarko Uintah's five treating and compression stations, where modern, more efficient electric-powered compression equipment is currently in service. Currently, CIG's turbine-powered compressors at the Natural Buttes Plant do not employ the best available air quality technology. Substitution of Anadarko Uintah's upstream, electric-powered compression will achieve significant air quality improvements.

17. Chipeta requests the Commission determine that, following the transfer of the subject facilities to Chipeta, the facilities will be production and gathering facilities exempt from the Commission's jurisdiction.

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<sup>16</sup> Chipeta states that it is currently adding an additional 250 MMcf/d of cryogenic processing equipment to the Chipeta Plant, which will bring the total capacity of the Chipeta Plant to over 500 MMcf/d.

### **C. Benefits of Proposals**

18. CIG states that the proposed transfer of the subject facilities will allow Chipeta to integrate them into Chipeta's existing and expanding gas processing operations where they will be operated in a much more effective manner than is currently possible by CIG. CIG asserts that the proposals will ultimately result in reduced costs for CIG's customers by removal of those facilities from its cost of service and rate base.

19. Chipeta states that the proposed abandonment and transfer of the facilities will enable Chipeta to further develop its processing and gathering system in Utah by allowing the Natural Buttes, Bridge, and Chipeta Processing Plants to be operated as a single plant complex. Chipeta contends that providing access from the Natural Buttes processing plant to Wyoming Interstate and QGMC and augmenting the capacity of the Bridge and Chipeta Processing Plants will help meet the growing demand for processing capacity in the Natural Buttes Production Area.

### **III. Interventions and Comments**

20. Notice of CIG's application and Chipeta's petition were published in the *Federal Register* on January 29, 2009.<sup>17</sup> Timely, unopposed motions to intervene were filed by Questar, QGMC, EOG Resources, Inc. (EOG),<sup>18</sup> Williams Gas Marketing, Inc., Anadarko Energy Services Company, Nexen Marketing USA Inc., Atmos Energy Corporation, and Chevron Natural Gas. Anadarko Energy Services Company and QGMC filed comments supporting the applications.<sup>19</sup>

### **IV. Discussion**

#### **A. Abandonment**

21. Since the facilities that CIG seeks to abandon are facilities certificated to transport natural gas in interstate commerce subject to the jurisdiction of the Commission, CIG's abandonment of its certificated interests in the facilities requires Commission authorization under NGA section 7(b).

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<sup>17</sup>74 Fed. Reg. 5,151.

<sup>18</sup> After filing its motion to intervene, EOG filed a protest. CIG and Chipeta filed answers to the protest. On June 15, 2009, EOG withdrew its protest. EOG now supports CIG's and Chipeta's proposals.

<sup>19</sup>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(d) (2008).

22. CIG does not need the Natural Buttes Plant and the five-mile segment of Line No. 155A (to be renamed the Plant Interconnect Line) to access system supplies since CIG no longer performs a merchant function. Moreover, CIG does not need the facilities to meet its firm service obligations as an open-access transporter. In addition, due to the proximity of other newer and more efficient plants, the volumes of gas compressed and processed at the Natural Buttes Plant have diminished by approximately 80 percent, reaching a point where the plant is approaching its minimum design capacity.<sup>20</sup> Further, Chipeta will continue to provide service to CIG's existing customers that receive service on the subject facilities. No current firm or interruptible shipper has protested the proposed abandonment or sale of the facilities.<sup>21</sup> Thus, CIG's proposed abandonment will not cause abandonment of service to, or have significant impact on, any of CIG's existing customers. For these reasons, the Commission concludes that CIG has demonstrated that the public convenience and necessity permits the abandonment of the facilities, as described above.

### **B. Accounting**

23. CIG proposes to clear the abandonment by sale of its facilities through Account 102, Gas Plant Purchased or Sold, and remove the original cost and related accumulated depreciation from its books, consistent with Gas Plant Instruction No. 5 Paragraph F.<sup>22</sup> The sale results in a gain of \$5,730,977, which CIG proposes to charge to Account 421.1, Gain on Disposition of Property, consistent with the Uniform System of Accounts (USofA).<sup>23</sup> Additionally, CIG proposes to credit Account 409.2, Income Taxes, Other Income and Deductions, for a reduction in current income taxes related to the sale,<sup>24</sup> and debit Account 410.2, Provision for Deferred Income Taxes, Other Income and

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<sup>20</sup> CIG states that on May 5, 2009, it posted a notice of anticipated suspension of processing operations at the Natural Buttes Plant because insufficient volumes of gas were available to allow the plant to operate. *See* CIG's May 8, 2009 filing.

<sup>21</sup> The Commission generally presumes that there is no continuity of service issues if no customer of the pipeline protests the abandonment of facilities. *Northern Natural Gas Co.*, 123 FERC ¶ 61,325 (2008).

<sup>22</sup> 18 C.F.R. Part 201 (2008).

<sup>23</sup> *Id.*

<sup>24</sup> In its March 4, 2009 response to the Chief Accountant's Data Request, CIG submitted its revised tax entries and calculation of deferred income taxes. CIG proposes to reduce its current tax liability because it anticipates that the tax basis of the assets will exceed the book basis at the time of the sale.

Deductions, for reversal of deferred federal and state income taxes, consistent with instructions in the USofA.<sup>25</sup>

24. CIG must file its final accounting to clear Account 102 within six months of the date the transfer of the above facilities is consummated in accordance with the Commission's requirements. The filing must provide a complete explanation of the proposed accounting and be of such detail as to show the complete transaction and all accounts affected, including related income tax accounts.

### **C. Jurisdictional Status of Facilities**

25. Under section 1(b) of the NGA, the Commission's jurisdiction does not extend to facilities used for "the production or gathering of natural gas." The NGA, however, does not define the term "gathering." As a result, the Commission has developed a legal test, known as the "primary function test,"<sup>26</sup> to determine which facilities are non-jurisdictional gathering facilities and which facilities are jurisdictional transmission facilities. The "primary function test" includes consideration of several physical and geographic factors including: (1) the length and diameter of the line; (2) the extension of the facility beyond the central point in the field; (3) the facility's geographic configuration; (4) the location of compressors and processing plants; (5) the location of wells along all or part of the facility; and (6) the operating pressure of the line.

26. The Commission also considers the purpose, location, and operation of the facility, the general business activity of the owner of the facility, and whether the jurisdictional determination is consistent with the NGA and the Natural Gas Policy Act of 1978.<sup>27</sup> The Commission does not consider any one factor to be determinative and recognizes that all factors do not necessarily apply to all situations.<sup>28</sup> In addition to the factors enumerated above, the Commission weighs any and all other relevant facts and circumstances of a particular case, including non-physical criteria.<sup>29</sup>

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<sup>25</sup> See, text of Account 282 and Special Instructions, Accounts 410.1, 410.2, 411.1, and 411.2, 18 C.F.R. Part 201 (2008).

<sup>26</sup> See *Amerada Hess Corp.*, 52 FERC ¶ 61,268 (1990) and *Farmland Industries, Inc.*, 23 FERC ¶ 61,063 (1983).

<sup>27</sup> 15 U.S.C. §§ 3301-3432 (2006).

<sup>28</sup> See, e.g., *TOMCAT*, 59 FERC ¶ 61,340, at 62,239 (1992).

<sup>29</sup> See, e.g., *id.* and *Amerada Hess Corp.*, 52 FERC ¶ 61,268 (1990).

## 1. Natural Buttes Plant

27. The Natural Buttes Plant is located within the Greater Natural Buttes Production Area. After Chipeta assumes ownership, the plant will be upstream of higher-pressure interstate pipelines and downstream of gathering and production lines. The plant will process gas received from gathering lines to remove liquids and liquefiable hydrocarbons and prepare the gas for interstate transportation in high pressure transmission lines. In the past, the Commission has found that gas processing plants are not jurisdictional under the NGA where the plants' function is the removal of liquids from the raw gas stream for their economic value.<sup>30</sup> Thus, we find the Natural Buttes Plant will be non-jurisdictional as well.

## 2. The Plant Interconnect Line

28. Upon acquisition by Chipeta, the Plant Interconnect Line will be physically separated from CIG's jurisdictional Line No. 155A. The Plant Interconnect Line will be a bi-directional, approximately five-mile long pipeline connecting the Natural Buttes, Chipeta, and Bridge Plants. Depending on how it is operated, the line will be both upstream and downstream of these three processing plants.

29. When operated as an upstream line, unprocessed gas will flow from the Natural Buttes and/or Bridge Plants to the Chipeta Plant for processing and delivery to downstream pipelines. Alternatively, unprocessed gas will flow from the Chipeta and/or Bridge Plants to the Natural Buttes Plant for processing and delivery to Questar.

30. The Plant Interconnect Line will be upstream of high pressure interstate pipelines, as well as non-jurisdictional processing plants, and downstream of gathering and production lines. The Plant Interconnect Line will connect the Natural Buttes, Chipeta, and Bridge Plants, allowing the plants to operate as a single plant complex and enabling producers to sell gas to any of the downstream pipelines connected to these plants. There is no reason why the line connecting the plants should have a jurisdictional status different from the plants themselves.<sup>31</sup> For these reasons, the Commission finds that when operated as an upstream line, the Plant Interconnect Line will be a non-jurisdictional line exempt from jurisdiction under the NGA.

31. When operated as a downstream line, processed gas will flow from the Natural Buttes Plant and/or the Bridge Plant to the Chipeta Plant for delivery to downstream

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<sup>30</sup> See *Columbia Gas Transmission Corp.*, 104 FERC ¶ 61,314 (2003); *Columbia Gas Transmission Corp.*, 99 FERC ¶ 62,086 (2002).

<sup>31</sup> See *GPM Gas Corp. v. Continental Natural Gas, Inc.*, 80 FERC ¶ 61,286, at 62,020 (1997); *Questar Pipeline Corp.*, 74 FERC ¶ 61,216, at 61,709 (1996).

pipelines. Alternatively, processed gas will flow from the Bridge Plant and/or the Chipeta Plant to the Natural Buttes Plant for delivery to Questar.

32. In *Superior Offshore Pipeline Company (SOPCO)*, the Commission explained that generally facilities located downstream of a processing plant, other than incidental extensions such as stub lines, are jurisdictional transportation facilities.<sup>32</sup> In regard to stub lines, the Commission stated that downstream facilities may be considered exempt because they are an incidental extension of plant operations or of the behind-the-plant gathering system.<sup>33</sup> The Commission has declined to extend the stub line exception beyond the five miles approved in *SOPCO*.<sup>34</sup>

33. Here, the Plant Interconnect Line, when operated as a beyond the processing plant line, will be approximately five miles in length. The line will act as an extension of the hundreds of miles of gathering facilities upstream of the processing plants and will merely interconnect the tailgates of the Chipeta and Natural Buttes Processing Plants to downstream pipelines. Thus, the Commission finds that the Plant Interconnect Line when operated as a downstream line will be a non-jurisdictional line exempt from the Commission's jurisdiction.

34. The Commission may also consider non-physical factors, such as the general business activity of the owner in determining the jurisdictional status of facilities.<sup>35</sup> Here, Chipeta, its managing member, Anadarko Uintah, and its ultimate corporate parent, Anadarko Petroleum, are engaged in the exploration and production of natural gas and the gathering and processing of natural gas. With the exception of the ownership by Anadarko Petroleum of a small interstate pipeline in Wyoming -- MIGC LLC, acquired as part of Anadarko Petroleum's purchase of Western Gas Resources, Inc. in August 2006 -- Chipeta, Anadarko Uintah, and Anadarko Petroleum, are not involved in the transportation of natural gas in interstate commerce. The Commission finds that Chipeta's general business activity is consistent with a determination that the Plant Interconnect Line should be exempt from the Commission's jurisdiction.

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<sup>32</sup> *Superior Offshore Pipeline Co.*, 67 FERC ¶ 61,253, at 61,834-35 (1994).

<sup>33</sup> *Id.*

<sup>34</sup> See, e.g., *Western Gas Resources, Inc.*, 119 FERC ¶ 61,308 (2007); *Rendezvous Gas Services, L.L.C.*, 113 FERC ¶ 61,169 (2005).

<sup>35</sup> See, e.g., *TOMCAT*, 59 FERC ¶ 61,340, at 62,240 (1992); *Amerada Hess Corp.*, 67 FERC ¶ 61,254, at 61,846 n.34 (1994).

35. As discussed above, Chipeta states that it will use the facilities to provide gathering and processing services for gas produced in Utah. Chipeta's plans include tying the subject facilities into its existing processing and gathering facilities. Chipeta does not render any interstate natural gas transportation services and does not own or operate any jurisdictional facilities. Chipeta will operate the facilities as gathering and processing facilities to compress and process locally gathered volumes of natural gas to pipeline pressure for delivery into interstate pipeline systems. Based on the application of the primary function test, we find the primary function of the subject facilities will be gathering and processing natural gas after CIG's transfer of ownership to Chipeta. Thus, the facilities will be exempt from the Commission's jurisdiction under section 1(b) of the NGA.

#### **D. Environment**

36. Environmental review of this proposal confirms that this action qualifies as a categorical exclusion under section 380.4(a)(31). Section 380.4(b), however, provides for exceptions to categorical exclusions. In this regard, the Commission notes that a remediation plan to address potential petroleum contamination of subsurface soils has been developed in conjunction with the Uintah Tribal Authority and the Bureau of Indian Affairs. The remediation plan also obligates CIG to perform certain remediation measures required by the Department of Justice and the Environmental Protection Agency in order to mediate violations of Title V of the Clean Air Act and failure to obtain a Prevention of Significant Deterioration permit. Responsibility for satisfactory resolution of these issues is provided for under the purchase and sale agreement. Under these circumstances, the Commission finds that approval of this proposal would not constitute a major federal action significantly affecting the quality of the human environment.

37. The Commission on its own motion received and made a part of the record in these proceedings all evidence, including the application and exhibits thereto, submitted in support of the authorization sought, and upon consideration of the record,

#### **The Commission orders:**

(A) Permission for and approval of the abandonment by CIG of the facilities described in this order and in the application are granted.

(B) CIG shall notify the Commission within ten days of the date of the abandonment of the facilities.

(C) Upon acquisition by Chipeta, the subject facilities will be processing and gathering facilities exempt from the Commission's jurisdiction pursuant to NGA section 1(b).

(D) CIG shall submit its final accounting to clear Account 102 with the Commission within six months of the date the transfer is consummated. The accounting submission shall provide all the accounting entries related to the transfer along with narrative explanations describing the basis for the entries.

(E) CIG shall comply with Part 154 of the Commission's regulations.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.