

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 22, 2003

In Reply Refer To:
Continental Energy
Docket Nos. RP98-39-000
SA98-101-000

Attorney for Continental Energy

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Attorney for Northern Natural Gas Company

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Dear Madam/Sir:

1. On February 28, 2003, Northern Natural Gas Company (Northern) filed a Stipulation and Agreement of Settlement in the above-referenced docket. On March 20, 2003, Commission Trial Staff (Staff) filed comments in support of the settlement. On April 17, 2003, the Presiding Administrative Law Judge in the proceeding certified the settlement to the Commission as uncontested.

2. The Stipulation and Agreement of Settlement resolves the claim against Continental Energy, as stated in Northern's January 9, 2003 letter to Mr. Freeman by applying the formula established in the Original Settlement in Docket No. RP98-39-000.¹ Mr. Freeman, d/b/a Continental Energy (Continental Energy), agrees to pay \$14,156.59 plus interest from February 1, 2003, to the date of actual payment to Northern. It shall be

¹Approved by the Commission, Northern Natural Gas Co., 93 FERC ¶ 61,311 (2000).

calculated at the escrow rate for any period the amount is held in escrow commencing February 1, 2003, or otherwise at the Commission-prescribed interest rate.

3. Additionally, all Articles, Definitions, and Terms and Conditions in the Original Settlement shall apply to this Settlement and are incorporated by reference to the extent relevant. To the extent that there is any conflict between this Settlement and the Original Settlement, the provisions of this Settlement shall control.

4. Finally, the settlement provides that within ten days of the date of this Letter Order becoming no longer subject to appeal, Continental Energy make payment of \$14,156.59 plus interest to Northern and to file a withdrawal with the Commission of its request for hardship relief in Docket No. SA98-101-000. Upon payment of this Settlement Amount, Continental Energy and its sole proprietor, Russell Freeman, shall be permanently and completely released from liability to Northern in this proceeding and for Kansas ad valorem tax refunds owed prior to June 1988, consistent with Articles X and XIII of the Original Settlement.

5. The subject settlement is fair and reasonable, in the public interest, and is hereby approved. The Commission's approval of this settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding.

6. This letter terminates Docket No. SA98-101-000.

By direction of the Commission.

Magalie R. Salas,
Secretary.

cc: All Parties of Record