

adjustment relief from refunding the Kansas ad valorem tax reimbursements attributable to Lawhorn's royalty interest in a well (or wells) located in the East Mansur Field and operated by Olympic Petroleum Company (Olympic). Lawhorn's petition indicates that Williams Gas Pipelines Central, Inc., formerly: Williams Natural Gas Company (Williams) served Olympic with the Statement of Refunds Due, and that Olympic is now seeking to recover Lawhorn's royalty interest share of that refund, for flow-through to Williams. Lawhorn asserts that paying the refund will cause she and her husband to endure a special hardship. Lawhorn's petition is on file with the Commission and open to public inspection.

On September 10, 1997, in Docket No. RP97-369-000 *et al*, the Commission issued an order,² on remand from the D.C. Circuit Court of Appeals,³ that directed first sellers to make Kansas ad valorem tax refunds, with interest, for the period from 1983 to 1988. The Commission subsequently stated, in its January 28, 1998 Order Clarifying Procedures [82 FERC ¶ 61,059 (1998)] that producers could file NGPA section 502(c) adjustment petitions for relief from the refund requirement if, among other things, the payment of the Kansas ad valorem tax refund would cause the producer to endure a special hardship, within the meaning of section 502(c) of the NGPA.

Lawhorn states: 1) That she and her husband have been retired for 10 years; 2) that no restrictions were placed on the cashing of their royalty checks and, therefore, that they did not place any royalty check money into escrow; 3) that both she and her husband are in poor health and have serious medical problems, with correspondingly exorbitant medical bills; and 4) that they cannot repay the amount sought by Olympic⁴ and still buy the medicine they need to continue to live.

In view of the above, Lawhorn requests that the Commission grant an adjustment, relieving Lawhorn from paying the Kansas ad valorem tax refund sought by Olympic, on the basis that paying the refund will cause Lawhorn to endure a special hardship.

² See 80 FERC ¶ 61,264 (1997); order denying reh'g issued January 28, 1998, 82 FERC ¶ 61,058 (1998).

³ *Public Service Company of Colorado v. FERC*, 91 F.3rd 1478 (D.C. 1996), cert. denied, Nos. 96-954 and 96-1230 (65 U.S.L.W. 3751 and 3754, May 12, 1997) (Public Service).

⁴ Lawhorn's petition includes a March 18, 1998 letter from Olympic to Lawhorn, in which Olympic indicates that a Schedule attached to the letter shows the refund amount Lawhorn owes. The petition, however, does not include that Schedule.

Any person desiring to be heard or to make any protest with reference to said petition should on or before 15 days after the date of publication in the **Federal Register** of this notice, file with the Federal Energy Regulatory Commission, 888 First Street, N.E., 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, 385.211, 385.1105, and 385.1106). 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.

David P. Boergers,

Acting Secretary.

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DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. SA98-81-000]

Shannon Energy Corporation; Notice of Petition for Adjustment

April 23, 1998.

Take notice that on April 7, 1998, Shannon Energy Corporation (Shannon) filed a petition, pursuant to section 502(c) of the Natural Gas Policy Act of 1978 [15 U.S.C. § 3412(c)] and Subpart K of the Commission's Rules of Practice and Procedure, for an adjustment relieving Shannon of its obligation to make:

(1) \$17,501.17 in Kansas ad valorem tax refunds to Williams Gas Pipelines Central, Inc., formerly: Williams Natural Gas Company (Williams);

(2) \$1,180.59 in Kansas ad valorem tax refunds to Colorado Interstate Gas Company (CIG); and

(2) 43,245.89 in Kansas ad valorem tax refunds to Amoco Production Company (Amoco), for subsequent flow-through to the purchaser.

Shannon contends that its financial condition cannot withstand having to refund these amounts, because it is a scaled-down company that no longer operates the wells that generated the refund obligations, and because it will not be able to collect amounts owed by the other working interest owners and the royalty interest owners, since it has no way to bill them. Shannon's petition

is on file with the Commission and open to public inspection.

Shannon states that, although it was the operator of several Hugoton wells during the period from December 1, 1986 through January 1, 1993, it no longer operates those wells, and has no way to obtain reimbursement of amounts attributable to many of the working and royalty interest owners, because Shannon is no longer billing out through a Joint Interest Billing or paying revenue checks. Shannon indicates that, collectively, Williams, CIG, and Amoco have served Shannon with \$61,927.65 in refund claims. Shannon contends that, if it tries to make a "special" billing of the appropriate working and royalty interest owners with respect to these refund claims, it will not be reimbursed by those owners and, therefore, will receive the hardship of the uncollectible debts. Shannon further states that it does not have the funds to risk so large a write-off.

In view of the above, Shannon requests that it be relieved of its obligation to refund the above-referenced amounts to Williams, CIG, and Amoco, i.e., to be relieved of its obligation to refund the amounts attributable to its own working interest, and to be relieved of the obligation to make refunds on behalf of the other working interest owners and the royalty interest owners.

Any person desiring to be heard or to make any protest with reference to said petition should on or before 15 days after the date of publication in the **Federal Register** of this notice, file with the Federal Energy Regulatory Commission, 888 First Street, N.E., 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, 385.211, 385.1105, and 385.1106). 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.

David P. Boergers,

Acting Secretary.

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