

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF RICHARD )  
WILLIAMS, D/B/A B.T.U. PIPELINE, ) CASE NO. 92-220  
INC. AND M5-A1, INC. )

O R D E R

On May 29, 1992, the Commission established this proceeding in response to information received from Richard Williams, representing B.T.U. Pipeline, Inc. ("B.T.U.") and M5-A1, Inc. ("M5-A1"), indicating that M5-A1 had purchased a natural gas pipeline in Magoffin County, Kentucky, called the R. C. Energy pipeline. Subsequently, in response to the Commission's Order, Morris Kennedy, at the time Trustee in Bankruptcy for Salyersville Gas, Inc. ("Salyersville Gas"), now operating as Sigma Gas Corporation ("Sigma"),<sup>1</sup> moved that this proceeding be held in abeyance until an adversary proceeding in the United States Bankruptcy Court in the Eastern District of Kentucky ("U.S. Bankruptcy Court") was resolved. Salyersville Gas also claimed ownership of the R. C. Energy pipeline and instituted the adversary action to quiet its title.

This investigation was established to determine the jurisdictional status of the R. C. Energy pipeline; to investigate certain rate and other issues related to a proposed tariff filed by B.T.U.;

---

<sup>1</sup> Case No. 93-349, The Joint Application of Sigma Gas Corporation and Salyersville Gas Company, Inc. for Approval of the Acquisition of Assets of Salyersville Gas Company, Inc.

and to determine the impact on Salyersville Gas and certain commercial customers of severing the R. C. Energy pipeline from Salyersville Gas's distribution system (as proposed by M5-A1). Since the adversary action is still pending in U.S. Bankruptcy Court and a hearing is scheduled to substitute Sigma's name for Salyersville Gas, the jurisdictional status of the R. C. Energy pipeline and the impact on certain customers of the pipeline if severed from the distribution system cannot be addressed in this Order.

However, the Commission is advised that B.T.U. has pipeline facilities in Magoffin County other than its alleged ownership of the R. C. Energy pipeline. From these pipeline facilities, B.T.U. provides gas service to numerous customers.

On March 21-22, 1994, Commission Staff conducted an inspection of B.T.U.'s facilities, in part to determine the jurisdictional status of B.T.U.'s operations. Attached as an Appendix to this Order is a copy of the report of that inspection, which includes a recommendation that B.T.U. be declared a gas distribution utility pursuant to KRS 278.010(3)(b).

Based upon the evidence of record and being otherwise sufficiently advised, the Commission finds that B.T.U. should respond to the Inspection Report and that a hearing should be held in this matter.

IT IS THEREFORE ORDERED that:

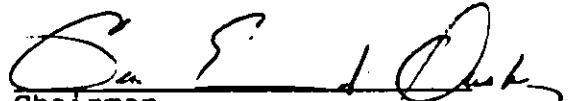
1. Within 15 days of the date of this Order, B.T.U. shall file its response to the Inspection Report attached as an Appendix to this Order.

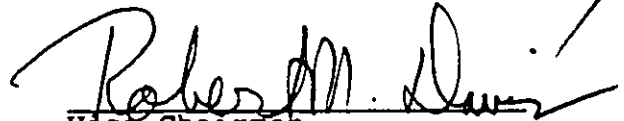
2. Within 5 days of the date of this Order, B.T.U. shall respond to Recommendations 9 and 10 of the Inspection Report regarding the status of the dangerous conditions stated therein.

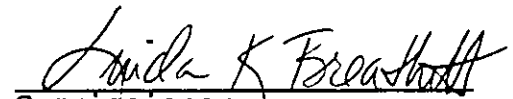
3. A public hearing is scheduled for May 18, 1994 at 1:30 p.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky.

Done at Frankfort, Kentucky, this 27th day of April, 1994.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 92-220 DATED 4/27/94

INSPECTION REPORT

B.T.U. Pipeline, Inc.  
Magoffin County, Kentucky.

April 8, 1994

BRIEF

On March 21-22, 1994, Commission Staff visited B.T.U. Pipeline, Inc. (B.T.U.) to inspect all of B.T.U.'s pipelines and customer services and to determine the jurisdictional status of B.T.U.'s operations. Present for Staff were: David Kinman, a gas safety investigator with the Commission's Gas Pipeline Safety Branch; and Mark Hostetter and Ralph Dennis with the Commission's Gas Branch. Representing B.T.U. was Richard Williams.

The pipeline facilities and service areas inspected fall into two categories: pipelines installed or owned by B.T.U. (Rockhouse Fork Area, Elk Creek/Lick Creek, Dixie Avenue/Auxier Branch, Lakeville Road/Petro); and pipelines originally owned by Inland Gas Company (Inland). The service areas in this latter category and the designated ex-Inland pipeline are: Oakley (FG-51), Royalton (FG-47/G-39), Puncheon Camp Creek, Salt Lick, and Long Branch (G-39), and Beetree Branch (FG-40/41). Also inspected in some of these service areas were lateral lines which B.T.U. has installed.

All of these pipelines have customer services; however, responsibility for those customers connected to or in the general area of pipelines previously owned by Inland is claimed by both B.T.U. and Sigma Gas Corporation (Sigma), a local gas distribution

utility providing service in Salyersville and jurisdictional to the Commission. This dispute, concerning customers most of whom have been considered in the past to be subject to 807 KAR 5:026 (farm tap service), is the subject of Civil Action No. 93-CI-00185 in Magoffin Circuit Court.

Included in this report are: Exhibit A, a county map which depicts the geographical location of each pipeline/service area and the extent to which the pipelines are interconnected; and Exhibit B, a series of descriptive summaries with details on each pipeline/service area.

#### INVESTIGATION

B.T.U. has installed a series of interconnected pipelines which stretch from north of Salyersville, southward through and around Salyersville, to the Bull Branch area south of Salyersville. This interconnected pipeline system includes several dead-end lateral lines from which additional service is provided. In the southern area of this system (Lakeville Road area), B.T.U. has connected its pipeline to the Petro pipeline (to which B.T.U. claims ownership) which had been but is not presently connected to an ex-Inland pipeline (FG-47).

B.T.U. also operates a pipeline in the vicinity of Highway 114 east of Salyersville designated Rockhouse Fork. It is a dead-end lateral line which has been disconnected from a pipeline which generally parallels Highway 114 (the R.C. Energy pipeline),

operated by Sigma and which Sigma considers to be part of its distribution system.

From these pipelines and lateral lines, B.T.U. provides gas service to residential and small commercial end-users. According to B.T.U., the sources of gas for this portion of its operations are local wells; none of this gas leaves the pipeline system.

B.T.U. has also provided service to many end-use customers from various pipelines previously owned by Inland (and were operated by Inland as gathering pipelines): FG-47, FG-51, G-39, and FG-40/41. From some of these pipelines, B.T.U. has since installed lateral lines to provide service. Some of the customers served from some of these lateral lines were previously directly connected to ex-Inland pipelines, FG-47 or G-39. Pursuant to the Court's Order in CI-93-00185, B.T.U. has been ordered to maintain service to these customers, both those customers served directly from ex-Inland pipelines and those now served from more recently installed lateral lines, until the Court issues a final ruling.

According to B.T.U., the source of gas for these customers is principally gas flowing through the G-39 pipeline for ultimate delivery to Sigma. Gas delivered into G-39 is from either Equitable Resources Exploration or Devco/Global Environmental Industries, Inc. However, B.T.U. stated that gas from local wells which belong to B.T.U. is used to provide service to customers now connected to two of B.T.U.'s lateral lines (which are actually well

lines from the J. W. Howard and C. K. Stevens wells and have been disconnected from ex-Inland pipelines).

During the course of this inspection, Mr. Williams stated that all of his customers' taps and meter sets had been inspected by Commission Staff prior to the initiation of any service, except for the most recent group of customers who are provided service in the Puncheon Camp Creek area. However, after a search of Commission records, Staff has been unable to locate any documents which indicate that any of B.T.U.'s customers' services have been inspected, except for the farm tap customers who are presently connected to the G-39 pipeline. Since B.T.U. has considered itself a farm tap system providing gas service to customers pursuant to KRS 278.485, Commission Staff's inspection of a customer's tap and meter set is required prior to initiation of service [807 KAR 5:026, Section 3(4)].

#### FINDINGS

1. The pipelines which B.T.U. has installed (Elk Creek/Lick Creek, Buffalo Creek, and Dixie Avenue/Auxier Branch) and acquired through purchase (Petro), along with the various lateral lines, are operated as a self-contained gas system, the only purpose of which at present is to provide service to end-users. The Rockhouse Fork pipeline, while not interconnected with these other pipelines, is operating in the same manner. Gas service in all of these areas represents a distribution utility function as defined in KRS 278.010(3)(b).

2. Meter sets for customers served from the Elk Creek/Lick Creek, Dixie Avenue/Auxier Branch and Petro pipelines generally comply with Commission regulations for distribution service. However, some meter sets had atmospheric corrosion; a limited number had copper tubing on the customer side of the meter; and some had hose clamps and aboveground plastic pipe connecting the customer's service line to the meter.

3. While inspecting the B.T.U.-installed pipelines, some areas were observed where the soil had eroded and exposed portions of plastic pipe. At each of these points, the depth of the pipeline did not appear to be adequate and in compliance with 807 KAR 5:022, Section 7(12)(a); and there was no evidence of the installation of tracer wire, a violation of 807 KAR 5:022, Section 7(12)(e). Inadequate depth and lack of tracer wire is also evident on the Lick Creek pipeline where it ends on Highway 3334, and the end of the pipe is exposed above ground.

4. B.T.U. has installed pipeline markers along the routes of the pipelines it has installed. However, none appeared to include the owner's name, address, or telephone number, a violation of 807 KAR 5:022, Section 14(5)(d)(1) and (2).

5. The only current source of gas for customers connected to the FG-51 pipeline (Oakley service area) is gas being backfed into the pipeline from the G-39 pipeline. While local wells are connected to the FG-40/41 pipelines and are being used to provide service to customers connected to these pipelines, no local gas



enters the G-39 pipeline since the valve at the interconnection point of FG-40/41 and G-39 is closed. Gas service in each of these instances represents a distribution function as defined in KRS 278.010(3)(b).

6. B.T.U. is also providing service to customers connected to three lateral lines: the J. W. Howard well line, the C. K. Stevens well line; and the Puncheon Camp Creek line. Both the Howard and Stevens well lines used to be but are not presently connected to ex-Inland pipelines, FG-47 and G-39 respectively. The Puncheon Camp Creek lateral, which is directly connected to the G-39 pipeline, has no wells connected to it. Gas service in all three of these instances represents a distribution function as defined in KRS 278.010(3)(b).

#### RECOMMENDATIONS

1. B.T.U. should be declared a gas distribution utility and be required to develop and file with the Commission an Operating and Maintenance Plan [807 KAR 5:022, Section 13(2)(b)], an Emergency Plan [807 KAR 5:022, Section 13(9)], a Damage Prevention Program [807 KAR 5:022, Section 13(8)], and a Drug Testing Plan (807 KAR 5:023).

2. B.T.U. should adopt a standard method of meter and service line installation in compliance with 807 KAR 5:022, Section 8(2)(d), and provide a copy to the Commission and prospective customers. Any rebuilding of existing meter sets or service lines should comply with the standard method adopted.

3. B.T.U.'s meters and regulators at all customer services should comply with 807 KAR 5:022, Section 9(2)(a), (b), (c), and (f).

4. Test requirements for service lines and plastic pipelines before being placed in service should comply with 807 KAR 5:022, Section 11(6)(a), (b), and (c); and Section 11(7)(a), (b), (c), and (d).

5. B.T.U. should operate its system at pressures in compliance with 807 KAR 5:022, Section 13(12)(a) and (b) and Section 13(13)(a) and (b).

6. Any service lines reinstated for service by B.T.U., or any facilities which B.T.U. abandons or inactivates, should comply with 807 KAR 5:022, Section 14(14) and (15).

7. Each B.T.U. customer should be separately metered to comply with 807 KAR 5:022, Section 8(2)(e), including customers who receive gas as compensation for leases and rights-of-way [807 KAR 5:022, Section 8(2)(b)]. B.T.U. should correct any existing service where a customer is not separately metered, including three services in the Dixie Avenue/Auxier Branch service area (Will Conley, Jimmy Hoskins, and Orvel Howard) and services in the Oakley area where three customers are served from one meter (Ronald Minix, Sr., Jaspas Minix, and Ronald Minix, Jr.).

B.T.U. should also replace any inoperable meters at existing services, including the meters for Janet Smith (Dixie Avenue/Auxier Branch); Dave Montgomery (Oakley); and Randolph Jackson (Royalton).

8. B.T.U.'s installation of plastic pipe should comply with 807 KAR 5:022, Section 7(12)(a), (c), (d), (f), and (e). The depth of B.T.U.'s plastic pipelines and whether tracer wire (or other means of location) has been used should be the focus of a follow-up inspection.

9. B.T.U. should immediately address the dangerous conditions in the following service areas viewed during the inspection to comply with 807 KAR 5:006, Section 14(1)(b), and notify the Commission that the corrections have been made: copper tubing at three meter sets in Elk Creek (Norma Howard, Virgil Plummer and Todd Plummer); aboveground plastic at one service (Molly Montgomery), and a pair of vise grips holding the regulator pin in the out position at another service (Troy Minix), both in Oakley; black plastic pipe at two meter sets in Puncheon Camp Creek (Adam Risner and Mary Risner); and the use of hose clamps at one meter set in Lakeville (Viola Minix).

10. B.T.U. should immediately replace the inoperable regulator at the Phillip Conley meter set in Puncheon Camp Creek to comply with 807 KAR 5:022, Section 4(30)(b)1, and notify the Commission that the replacement has been made.

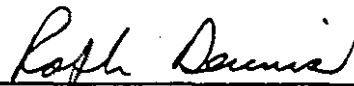
11. The tariff which B.T.U. has submitted in Case No. 92-220 should be rejected since it relates to gas service provided pursuant to 807 KAR 5:026. B.T.U. should resubmit its tariff as a gas distribution utility with all rates, services, and rules it intends to provide. B.T.U.'s tariff should address in some manner


Report - B.T.U. Pipeline  
Page 9  
April 11, 1994

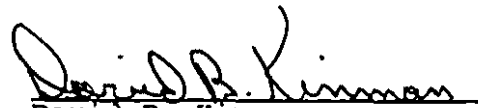
the flat rates and free gas which B.T.U. currently provides to some customers, and such rates and service should be in compliance with KRS 278.030 and KRS 278.170.

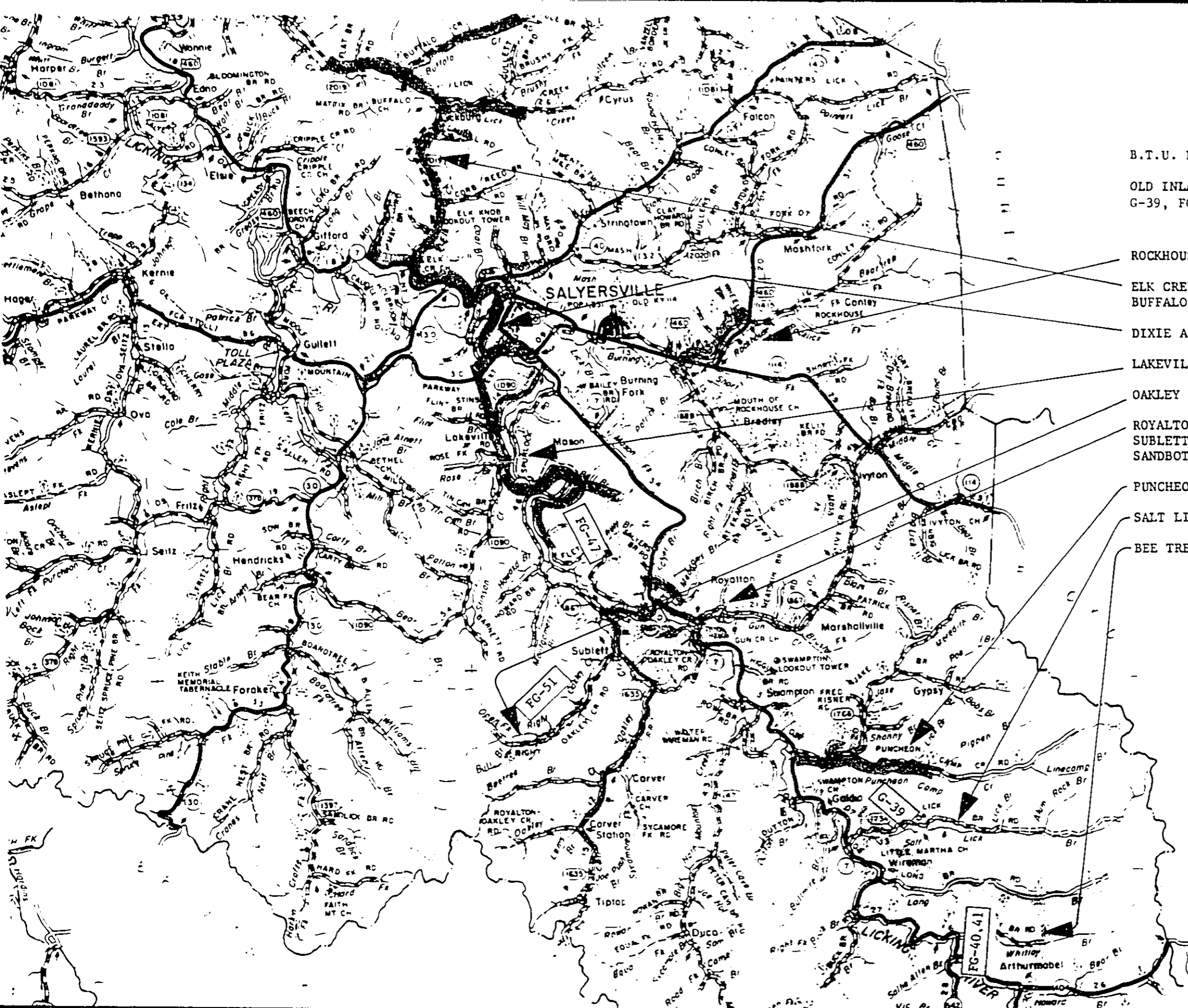
12. Pipeline markers installed by B.T.U. should comply with 807 KAR 5:022, Section 14(5)(a), (c), and (d) 1 and 2.

Respectfully submitted,

  
\_\_\_\_\_  
Ralph E. Dennis, Manager  
Gas Branch

  
\_\_\_\_\_  
Mark Hostetter  
Geologist

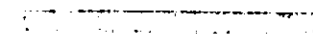
  
\_\_\_\_\_  
David B. Kinman  
Utility Investigator



B.T.U. PIPELINE, INC. PIPELINES



OLD INLAND GAS CO. PIPELINES  
G-39, FG-47, FG-51, FG-40,41



ROCKHOUSE FORK AREA

ELK CREEK, LICK CREEK, MAY BRANCH,  
BUFFALO CREEK AREA

DIXIE AVENUE, AUXIER BRANCH AREA

LAKEVILLE AREA

OAKLEY CREEK AREA

ROYALTON AREA WHICH INCLUDES:  
SUBLETT, MEADOWS AREA  
SANDBOTTOM, ROYALTON AREA

PUNCHEON CAMP CREEK AREA

SALT LICK BRANCH AREA

BEE TREE BRANCH AREA

SALYERSVILLE

FG-51

FG-47

FG-40,41

G-39

KEITH MEMORIAL TABERNACLE FORK

LICKING RIVER

DESCRIPTIVE SUMMARIES OF  
B.T.U. PIPELINE, INC. SERVICE AREAS AND PIPELINESA. SERVICE AREA: Rockhouse Fork

LOCATION: Hwy. 114 east, left onto Hwy. 1415; also includes a lateral which crosses Highway 114 to Hwy. 1888.

NO. OF CUSTOMERS: 5 (includes 1 customer on Hwy. 1888 lateral)

CONSTRUCTION: Approximately 7,000 feet of 2-inch plastic pipe (with tracer wire according to B.T.U.).

SOURCE OF GAS: Local wells - Cain (2), Collinsworth (5), and Lemaster (1).

PIPELINE(S)/INTERCONNECTIONS: The Rockhouse Fork pipeline is currently connected to a series of active local wells. In the past, this line was connected to Salyersville's local distribution utility when operated as Salyersville Gas Company, Inc. The pipeline is presently disconnected from the distribution utility, now operating as Sigma Gas Corporation.

As currently configured, this system consists of a series of well lines connected to a pipeline, through which gas is moved to provide service to four end-users. B.T.U. has also laid a lateral pipeline from the Rockhouse Fork line, across Hwy. 114 to Hwy. 1888, to provide free gas to a well owner (Calvin Cain).

B. SERVICE AREA: Elk Creek (including May Branch) and Lick Creek

LOCATION: Elk Creek - Along Hwy. 460 west, right onto Hwy. 2019 and ending at the Hwy. 2019/Hwy. 3334 intersection;

includes two lateral pipelines--at May Branch (in the vicinity of Hwy. 460) and a gravel road off Hwy. 2019. Lick Creek - Begins at the Hwy. 2019/Hwy. 3334 intersection, follows Hwy. 3334 east until pipeline ends, and includes one lateral on a gravel road; and a second leg of Lick Creek follows Hwy. 2019 north beyond the intersection with Hwy. 3334 until the pipeline ends.

NO. OF CUSTOMERS: Elk Creek - 41

Lick Creek - 10

CONSTRUCTION: Elk Creek - Approximately 20,000 feet of three-inch plastic with tracer wire (according to B.T.U.) along Hwy. 460 and Hwy. 2019, plus approximately 4,000 feet of two-inch plastic with tracer wire (according to B.T.U.) for the May Branch and gravel road laterals. Lick Creek -Approximately 7,000 feet of three-inch plastic on Hwy. 3334, including the gravel road lateral; and approximately 11,000 feet of three-inch plastic for Hwy. 2019 (beyond the intersection).

SOURCE OF GAS: Local wells - Fred Howard (1), Tackett (2), Vanderpool (2), and Conley (1), Martin (1), G. V. Joseph (1), and R. C. May (2).

PIPELINE(S)/INTERCONNECTIONS: The Lick Creek pipeline interconnects with the Elk Creek pipeline, which in turn is interconnected with B.T.U.'s Dixie Avenue pipeline. The Howard well, which is directly connected to the Lick Creek pipeline on Hwy. 3334, is the principal source of gas for customers connected to these pipelines.

One end of each leg of the Lick Creek pipeline ends without connection to anything. The other ends of each leg interconnect to the Elk Creek pipeline which eventually interconnects with another portion of the B.T.U. system (the Dixie Avenue pipeline). At present all gas which enters these pipelines is used to provide service to end-users connected to these pipelines (as well as customers connected to other pipelines owned or claimed by B.T.U.).

**C. SERVICE AREA: Dixie Avenue/Auxier Branch**

**LOCATION:** Begins on Dixie Avenue (off Hwy. 460 west) and ends at its interconnection with the Petro pipeline owned by B.T.U. This pipeline includes a section along Auxier Branch which had been installed a few years ago.

**NO. OF CUSTOMERS:** 7

**CONSTRUCTION:** Approximately 7,000 feet of three-inch plastic pipe with tracer wire (according to B.T.U.), including one lateral on a gravel road (off the newer section of pipeline).

**SOURCE OF GAS:** Local wells - Fred Howard (1) and Tackett (2), Martin (1), G. V. Joseph (1), and R. C. May (2).

**PIPELINE(S)/INTERCONNECTIONS:** The Dixie Avenue pipeline, including the Auxier Branch section, is interconnected at one end with the Elk Creek pipeline and at the other end with the Petro pipeline. This pipeline system was interconnected with Salyersville's local distribution utility in the area of the Auxier Branch section. At present, this connection has been severed by Sigma Gas.



Dixie Avenue/Auxier Branch delivers gas to end-users directly connected to the pipeline. Some of the customers served have no meters since they are either free customers or billed a flat rate. One meter has been burned and needs to be replaced.

The source of the gas for these customers is identical to the source used for the Elk Creek/Lick Creek customers. The Dixie Avenue pipeline should be considered an interrelated part of the Elk Creek/Lick Creek and Petro pipeline systems which are operated by B.T.U. (the Petro pipeline is part of the Lakeville Road system described herein).

D. SERVICE AREA: Lakeville Road

LOCATION: Hwy. 7 south, right onto Hwy. 1090.

NUMBER OF CUSTOMERS: 11

CONSTRUCTION: Approximately 26,000 feet of four-inch plastic pipeline called the Petro pipeline (installed several years ago by another party); approximately 7,000 feet of two-inch plastic pipeline which connects a local well (R. C. May) to the Petro pipeline; and approximately 7,000 feet of a two-inch plastic lateral line. The two-inch lateral also has a short lateral paralleling a gravel road off Hwy. 1090.

SOURCE OF GAS: Local wells - Tackett (2), G. V. Joseph (1), Vanderpool (2), R. C. May (2), Conley and Martin, and Fred Howard (1).

PIPELINE(S)/INTERCONNECTIONS: The Lakeville Road pipeline system consists of the Petro pipeline with two major laterals.

The northern end of the Petro pipeline interconnects with the Dixie Avenue/Auxier Branch pipeline, while the southern end currently interconnects with a well line to B.T.U.'s G. V. Joseph well. The Petro pipeline has been disconnected from its connection to the FG-47 pipeline (previously owned by Inland).

At present, none of B.T.U.'s gas which enters the Lakeville Road pipeline system flows into the FG-47 pipeline. In fact, the flow of gas in FG-47 is to the north towards Salyersville (through the Cobra pipeline) for delivery to Sigma Gas. All of B.T.U.'s gas is used to provide service to the end-users directly connected to the Petro pipeline or lateral lines. Like the Dixie Avenue/Auxier Branch service area, there is a mixture of paying, free, and flat rate customers served from the Lakeville Road pipeline system.

**E. SERVICE AREA: Oakley Creek Area**

**LOCATION:** Hwy. 7 south, right onto Hwy. 867 and then left onto Hwy. 1635; also some service on right turn off Hwy. 1635 (Right Branch of Oakley Creek).

**NO. OF CUSTOMERS: 13**

**CONSTRUCTION:** The principal part of the Oakley system is the FG-51 pipeline, a six-inch steel pipeline installed 40-50 years ago. The portion of the pipeline with customers is approximately 13,000 feet. Some of the customers considered part of the Oakley system are connected to and served from a

section of the G-39 pipeline in this area, approximately 2,500 feet of six-inch steel.

SOURCE OF GAS: Unclear. Two wells, Carty and Rowe, are near the end of the FG-51 pipeline. In the past, B.T.U. has claimed the right to these wells, but more recently Devco/Global Environmental has claimed ownership. According to B.T.U., both of these wells are currently shut in, and the well lines from each well have been disconnected from the FG-51 pipeline.

In addition, it is unclear whether gas which is moving through the G-39 pipeline to the FG-47 pipeline for ultimate delivery to Sigma Gas in Salyersville is also being backfed into the FG-51 pipeline at the FG-51/G-39 interconnection point. Given the absence of any other sources of gas, it is likely that gas for B.T.U.'s customers served from the FG-51 pipeline is coming from one or both of these sources; that is, the Carty and Rowe wells or gas backfed from the G-39 pipeline.

PIPELINE(S)/INTERCONNECTIONS: The FG-51 pipeline's only interconnection is with the G-39 pipeline. Aboveground plastic was seen at one service on the customer side of the meter; and at another service, three customers were being served from one meter (at this site, it could not be observed whether each customer had adequate pressure regulation). Just past the three customers/one meter site, there was also a pair of vise grips holding the regulator pin in the out position.

Several of the customers on this system are also free or flat rate customers.

F. SERVICE AREA: Royalton Area

LOCATION: Hwy. 7 south past the turn for Hwy. 867, in the general vicinity of the communities of Royalton and Sublett, and the Sandbottom and Meadows Branch areas.

NO. OF CUSTOMERS: 31

CONSTRUCTION: Some service is directly from the FG-47 and G-39 pipelines, both of which are six-inch steel in this service area. The remaining service is from two local wells, each of which has a three-inch steel well line (although the J. W. Howard well line has a small section of two-inch plastic).

SOURCE OF GAS: Local wells - J. W. Howard (1) and Stevens (1); and the G-39 pipeline (probably from gas delivered into the pipeline by Devco or Equitable Resources Exploration for ultimate delivery to Sigma).

PIPELINE(S)/INTERCONNECTIONS: FG-47 connects to the Cobra pipeline (ownership claimed by Devco/Global Environmental), which is three-inch plastic, and with the G-39 pipeline, which connects with the Columbia Natural Resources system (approximately 15-20 miles east of this area). According to B.T.U., neither of the well lines from the J. W. Howard or Stevens wells is connected to the G-39 pipeline.

None of the gas currently produced from the J. W. Howard and Stevens wells enters the G-39 pipeline and is used solely

to provide service to customers connected to the well lines. Gas which enters the G-39 pipeline from other sources is used to provide service to B.T.U.'s customers directly connected to the G-39 pipeline.

G. SERVICE AREA: Puncheon Camp Creek

LOCATION: Hwy. 7 south; also, from Hwy. 7 left onto Hwy. 1766.

NO. OF CUSTOMERS: 19

CONSTRUCTION: Most of the service in this area is from one of two lateral pipelines connected to the G-39 pipeline. According to B.T.U., the first two-inch plastic lateral (which serves four customers) is in the vicinity where the G-39 pipeline crosses Hwy. 1766, and was installed by another party sometime in 1991. A second two-inch plastic lateral with tracer wire (according to B.T.U.) has been installed by B.T.U. to provide service to 11 customers who were previously directly connected to the G-39 pipeline.

SOURCE OF GAS: Gas which has been delivered into the G-39 pipeline from sources other than B.T.U.

PIPELINE(S)/INTERCONNECTIONS: Each of the lateral pipelines is connected to the G-39 pipeline, which is interconnected at one end (east) to the Columbia Natural Resources gathering system and at the other end with the FG-47 pipeline.

At least in one instance a customer's regulator needs to be replaced; and at two other services, black plastic pipe on the customer side of the meter needs to be replaced. None of

the gas used to provide service to customers from either of the two laterals goes anywhere but to the end-use customers.

H. SERVICE AREA: Salt Lick

LOCATION: Hwy. 7 south, left onto Hwy. 1734 (past turnoff for Hwy. 1766).

NO. OF CUSTOMERS: 2

CONSTRUCTION: None (except service lines for each customer).

SOURCE OF GAS: Gas flowing through G-39 pipeline.

PIPELINE(S)/INTERCONNECTIONS: None. Each customer is directly connected to the G-39 pipeline.

I. SERVICE AREA: Beetree Branch (formerly Inland FG40-41 pipeline)

LOCATION: Hwy. 7 south, left onto Hwy. 404, then right onto 1734.

NO. OF CUSTOMERS: 5

CONSTRUCTION: Pipeline is four-inch steel installed 40-50 years ago.

SOURCE OF GAS: Local wells - Stevens (1) and Salyer(1). (Six other wells are shut in.)

PIPELINE(S)/INTERCONNECTIONS: The Beetree Branch pipeline is connected to the G-39 pipeline. However, according to B.T.U., the valve at the interconnection point is closed, and therefore the gas being produced by the wells which are connected to these pipelines is not entering the G-39 pipeline.

**J. ADDITIONAL PIPELINE(S): Buffalo Creek and Long Branch**

During the March 21-22, 1994, inspection Staff also discussed two other pipelines: Buffalo Creek and Long Branch. The Buffalo Creek pipeline parallels a road off Hwy. 2019, past the turnoff for Hwy. 3334 (Lick Creek area). It is a three-inch plastic pipeline of approximately 12,000 feet connected to the Lick Creek pipeline. According to B.T.U., there is no gas service from this pipeline at present; B.T.U.'s intentions are to extend the pipeline northeast to interconnect with an Ashland Oil pipeline.

Long Branch is located off Hwy. 7 south between Salt Lick and Beetree Branch. Six customers (all free and metered) are served from this six-inch and eight-inch steel pipeline which is the G-39 pipeline. B.T.U. stated Sigma now services these customers, and B.T.U. does not claim any right to this service.