

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION
OF ENBRIDGE GAS FOR APPROVAL OF
THE PICEANCE DEVELOPMENT AS A
WEXPRO II PROPERTY

Docket No. 25-057-03

**REDACTED REBUTTAL TESTIMONY OF
BRADY B. RASMUSSEN
FOR
ENBRIDGE GAS UTAH**

March 4, 2025

EGU Exhibit 3.0R

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Brady B. Rasmussen. My business address is 333 South State Street, Salt Lake City, Utah.

Q. Did you file direct testimony in this docket?

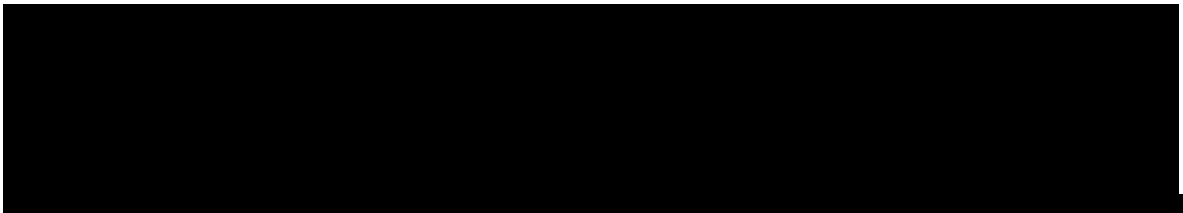
A. Yes. I submitted direct testimony on behalf of Questar Gas Company dba Enbridge Gas Utah (“EGU”, “Enbridge Gas” or “Company”).

Q. What is the purpose of your rebuttal testimony in this Docket?

A. The purpose of my rebuttal testimony is to address certain issues raised in the direct testimony filed by Mr. Eric Orton in this matter. I also clarify several statements in Mr. Orton’s testimony and address Mr. Orton’s request pertaining to data provided to the hydrocarbon monitor.

II. INVESTMENT IN PICEANCE DEVELOPMENT

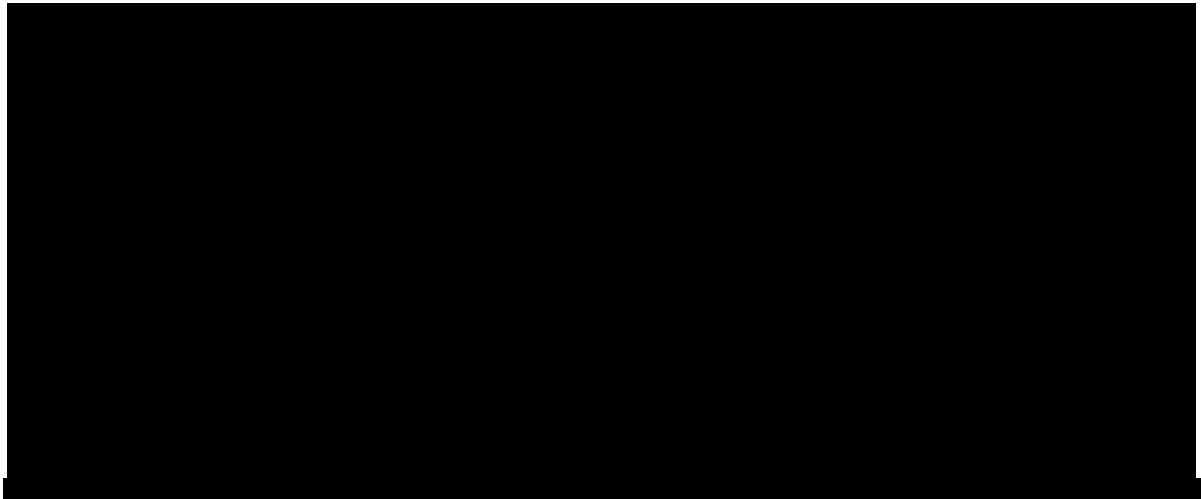
Q. Please summarize Mr. Orton’s testimony regarding Wexpro’s investment in the Piceance Development?

A. 

Q. Are these statements accurate?

A. Not to the extent that Mr. Orton’s statements 


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33 **Q. Has Wexpro contributed capital to wells in the past?**

34 A. Throughout the history of Wexpro, and its predecessor Mountain Fuel Supply Company,
35 Wexpro has made investments in the acquisition of oil and gas properties throughout the
36 Rocky Mountain region. Some fields were explored and developed by Wexpro as the
37 operator, while other fields were explored and developed by other companies. Often, but
38 not always, the company with largest ownership interest in a field would act as the operator.
39 Like the Piceance Development, these fields were and are “jointly developed”. The joint
40 development of these fields was governed under a variety agreements, including farmouts,
41 pooling, unitization, and other related exploration agreements common in the oil and gas
42 industry. For example, the Brady field in southwest Wyoming was a joint development
43 where Wexpro participated in wells drilled and operated by Champlin Petroleum
44 Company, leading to the prolific oil and gas discoveries which precipitated the Wexpro
45 Agreement. The Birch Creek field in Sublette County, Wyoming was developed and
46 operated by Chevron, with Wexpro participating in the joint development under unitization
47 and other agreements. The Pinedale field, while originally explored by Mountain Fuel
48 Supply Company and later operated by Wexpro, was turned over to QEP Energy Company
49 to drill and develop the field, with Wexpro participating as a non-operating working
50 interest owner under a unitization agreement. The Bruff field in southwest Wyoming was
51 developed under a series of complex joint development or “pooling” agreements with
52 numerous other companies—some areas were developed by Wexpro while others were

53 developed by other operators. Today, Wexpro operates 878 wells but owns joint interests
54 in 606 wells which are operated by other companies, most significantly in the Pinedale
55 field.

56 **Q. Did Mr. Orton suggest that the Piceance properties may be outside the scope of the**
57 **Wexpro II Agreement?**

58 A. Yes. Mr. Orton makes various claims in lines 250-264 of his testimony which lead to his
59 conclusion that the Piceance JDA might be outside the intended scope of the Wexpro II
60 Agreement. Mr. Orton claims that under the Piceance JDA, [REDACTED]

61 [REDACTED]
62 [REDACTED] This is concerning to Mr. Orton, leading
63 to his observation that while “JDAs are common in the industry, this is a first for Wexpro
64 II and a possible step outside the parameters of the original intent of the Wexpro II
65 agreement in drilling, producing, and operating wells for the benefit of ratepayers” (lines
66 259-261).

67 **Q. Does the Piceance Development align with Wexpro the terms of the Wexpro II**
68 **Agreement?**

69 A. Yes. As noted above, Wexpro is not investing in [REDACTED] as a company but is
70 rather investing in the development of specific oil and gas properties under a joint
71 development agreement. The interests that Wexpro will earn are interests in real property
72 in the form of wellbore interests, a special type of interest peculiar to the oil and gas
73 industry, but an interest in land nevertheless. As one commentator observes: “A wellbore
74 [REDACTED]
75 [REDACTED]” See
76 “Wellbores: Shedding Light on a Transactional Black Hole”, Kurt M. Peterson, Mineral
77 Law Institute, Rocky Mountain Mineral Law Foundation (2002).

78 Mr. Orton is correct that JDAs are common in the oil and gas industry, and Wexpro has
79 been a party to many varieties of joint development arrangements throughout its history.

80 This is the first time that this type of joint development agreement has been the subject of
81 a Wexpro II application, but the Piceance JDA is nothing more than an acquisition of a
82 property interest that it intends to develop for the benefit of Utah utility customers. This is
83 fully consistent with the purposes of the Wexpro II Agreement.

84 As noted above, throughout the history of Wexpro, joint development has played a
85 significant role in the development of oil and gas properties for the benefit of the customers.
86 Joint development is governed under many types of agreements (farmout, promote,
87 pooling, unitization) but the common feature is separate companies jointly funding and
88 owning interests in oil and gas. Some fields were operated by Wexpro, others were
89 operated by other companies.

90 Wexpro's participation in non-operated properties such as Pinedale, Birch Creek, Bruff
91 and others has been significant and has served to benefit the ratepayers in Utah and
92 Wyoming. Wexpro's could not achieve these benefits with its own resources alone. Joint
93 develop allows for these reserves to be developed and produced for customers. Wexpro
94 has been able to rely on the staff and resources of other companies to develop of reserves
95 that have ultimately benefited Utah and Wyoming utility customers by participating in the
96 development as non-operating working interest owner. Mr. Wilcox highlighted these
97 benefits in his Hydrocarbon Monitor Review. He said, "The non-operated nature of this
98 partnership with [REDACTED] requires very little manpower on the part of Wexpro
99 while adding meaningful reserves and production." The Piceance Development will
100 continue a practice that has long been a feature of securing reserves for the benefit of utility
101 customers.

102 **III. DEVELOPMENT DRILLING AREA**

103 **Q. Are all of the previous Wexpro II wells inside the Drilling Development Area**
104 **("DDA")as Mr. Orton suggests?**

105 A. No. At lines 89-92 his testimony, Mr. Orton says that “until this Application, all the
106 Wexpro II wells were drilled and operated by Wexpro and were within Wexpro DDA
107 (except for Horseshoe Bend).” To clarify, the Trail and Canyon Creek Wexpro II
108 applications were inside the DDA. The Vermillion Wexpro II application contained a
109 collection of properties, some of which were inside the DDA, and some that were outside.
110 The Alkali Gulch Wexpro II application likewise contained properties that were both inside
111 and outside the DDA. Mr. Orton is correct that the Horseshoe Bend Wexpro II application
112 was wholly outside the DDA.

113 **Q. Was Wexpro the operator of each of the prior Wexpro II applications?**

114 A. Yes.

115 **Q. Have there been drilling arrangements like the one contemplated in the Piceance**
116 **Development?**

117 A. As noted above, the Piceance JDA involves a promote (defined as whereby one party pays
118 a greater percentage of exploration and development costs in relation to the interest earned
119 by the party) and this is first time such an agreement has been the subject of a Wexpro II
120 application, but other types of joint development agreements have been a common feature
121 throughout the history of Wexpro.

122 **Q. Are customer benefits impacted when Wexpro is not the operator of particular wells**
123 **or in particular properties?**

124 A. No. Customers in Utah and Wyoming will benefit from the development of all properties,
125 regardless of whether Wexpro is the operator of a well or field, or not.

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IV. HYDROCARBON MONITOR INVOLVEMENT

127 **Q. Mr. Orton testified about the Hydrocarbon Monitor’s access to data. Does the**
128 **Company support Mr. Orton’s recommendation to provide data to the Hydrocarbon**
129 **Monitor earlier in the process?**

130 A. Wexpro supports the idea of providing the information earlier in the process, but proposes
131 a different approach. Mr. Orton suggests that the seven-day turnaround for the
132 Hydrocarbon Monitors’ report would not begin until all the required information is
133 received and that the corresponding schedule for the Division’s end product be postponed
134 equitably or the Wexpro II agreement be amended. This requirement is not currently
135 contained in the Wexpro II Agreement, or any Commission Order issued in a Wexpro II
136 docket. In order to impose this requirement, the Commission would have to unilaterally
137 modify the Wexpro II Agreement. As Mr. Mendenhall testifies, doing so would require
138 the consent of all signatory parties to that agreement, as well as the Wyoming Public
139 Service Commission.

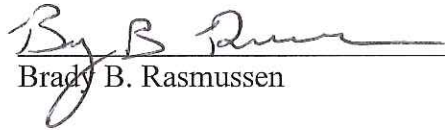
140 Instead, Wexpro commits to sending all information to the Hydrocarbon Monitor two
141 weeks prior to filing any Wexpro II Application. This should give the Hydrocarbon
142 Monitor time to review and submit a report to the Division seven business days (7) from
143 the day the Application is filed.

144 **Q. Does this conclude your testimony?**

145 A. Yes.


State of Utah)
) ss.
County of Salt Lake)

I, Brady B. Rasmussen, being first duly sworn on oath, state that the answers in the foregoing written testimony are true and correct to the best of my knowledge, information and belief. Except as stated in the testimony, the exhibits attached to the testimony were prepared by me or under my direction and supervision, and they are true and correct to the best of my knowledge, information and belief. Any exhibits not prepared by me or under my direction and supervision are true and correct copies of the documents they purport to be.



Brady B. Rasmussen

SUBSCRIBED AND SWORN TO this 4th day of March, 2025.



Notary Public

