

STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION

TRI-COUNTY ELECTRIC )  
COOPERATIVE, INC. )  
 )  
Complainant, )  
 )  
v. )  
 )  
ILLINOIS POWER COMPANY, )  
d/b/a/ AMERENIP, )  
 )  
Respondent. )

Case No. 05-0767

ILLINOIS  
COMMERCE COMMISSION  
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CHIEF CLERK'S OFFICE

**PREPARED DIRECT TESTIMONY OF JEFFREY LEWIS, CITATION OIL & GAS  
CORP., IN SUPPORT OF ILLINOIS POWER COMPANY d/b/a AMERENIP**

- 1 Q: Please state your name.
- 2 A: Jeffrey Lewis.
- 3 Q: Are you employed?
- 4 A: Yes.
- 5 Q: By whom?
- 6 A: Citation Oil & Gas Corporation.
- 7 Q: What position do you hold at Citation?
- 8 A: I am the engineering manager for the southern Oklahoma region.
- 9 Q: How long have you been in that position?
- 10 A: Fifteen years.
- 11 Q: What are your duties?
- 12 A: I oversee all engineering and technical work for the region.
- 13 Q: Where is your office located?
- 14 A: Oklahoma City, Oklahoma.

1 Q: Are you familiar with the Salem Waterflood Unit, in Salem, Illinois?

2 A: Yes.

3 Q: Is that facility known as the Salem Unit?

4 A: Yes.

5 Q: What is the basis of your familiarity with the Salem Unit?

6 A: From December 1998 through January 2006 the Salem Unit was managed by

7 my group.

8 Q: Does your group currently manage the Salem Unit?

9 A: No. The facility is now managed by Citation's Central Region group.

10 Q: Was your group, the Southern Oklahoma Region, the first to manage the Salem

11 Unit for Citation?

12 A: Yes. Citation purchased the Salem Unit from Texaco Exploration and Production

13 Company in December 1998, and my group was placed in charge of it.

14 Q: Are you familiar generally with the history of the Salem Unit?

15 A: Yes.

16 Q: What products did Texaco extract from the field?

17 A: Oil, mostly. Texaco did capture and sell gas for a time many years ago, but it

18 abandoned that effort, for economic reasons, I believe.

19 Q: Do you know how many oil wells Texaco operated when production was at its

20 peak?

21 A: Around two thousand.

22 Q: What products has Citation extracted from the Salem Unit since it purchased it?

23 A: Three products: oil, oil condensate, and gas.

1 Q: How long has Citation extracted oil from the field?

2 A: Since it purchased the field, in 1998.

3 Q: How many oil wells did Citation operate at the Salem Unit when it took over, in

4 1998?

5 A: Two hundred ninety-six.

6 Q: How many oil wells does Citation currently operate at the field?

7 A: Three hundred ten.

8 Q: How long has Citation extracted oil condensate from the field?

9 A: Since June 2006.

10 Q: How long has Citation extracted gas from the field?

11 A: Since the gas plant went online.

12 Q: Did Citation have to build any infrastructure to enable it to extract the gas?

13 A: To extract it, no; to process it, yes. Citation built a gas processing plant on site.

14 Q: Did Citation drill any new wells to capture the gas?

15 A: No. The gas is collected from existing wells. The gas plant is simply an

16 extension of the historical operations at the Salem Unit.

17 Q: Before the gas processing plant was built, what happened to the gas from the

18 Citation oil wells?

19 A: It was flared into the atmosphere at the wellhead.

20 Q: Is the Salem Unit supplied with electricity?

21 A: Yes. AmerenIP supplies power to field operations, and Tri-County Cooperative

22 supplies power to Citation's on-site office.

1 Q: What components of the field operations are powered by electricity supplied by  
2 AmerenIP?

3 A: AmerenIP powers all of the production wells; all of the injection pumps, which  
4 inject produced water into injection wells; two oil and water separation facilities; and the  
5 gas plant.

6 Q: Are there any other components of the field operations?

7 A: No.

8 Q: How does the gas plant receive gas from the oil wells?

9 A: The gas plant receives gas collected from the producing oil wells, all of which are  
10 powered by AmerenIP.

11 Q: How does the gas get from the producing oil wells to the processing plant?

12 A: Eight separate compressors pull the gas from the wells and deliver it to the  
13 processing plant.

14 Q: How are the compressors powered?

15 A: By electricity supplied by AmerenIP.

16 Q: Has any other company besides AmerenIP supplied electrical power to the field  
17 operations since Citation has owned the facility?

18 A: No.

19 Q: Did any other company besides AmerenIP supply electrical power to the field  
20 operations when Texaco owned the facility?

21 A: No. AmerenIP or its predecessors are the only companies to have supplied  
22 electrical power to the field.

23 Q: How does AmerenIP supply power to the field operations?

1 A: AmerenIP supplies electrical power to Citation at what's known as the Texas  
2 Substation, and Citation distributes that power to the field operations.

3 Q: Who is responsible for the distribution of electrical power from the Texas  
4 Substation to the field?

5 A: Citation owns, operates, and services its own distribution grid at the Salem Unit.

6 Q: Does the Texas Substation supply power to the gas processing plant?

7 A: Yes. The distribution of electrical power to the gas processing plant is simply an  
8 extension of the service historically provided by AmerenIP.

9 Q: Was the Texas Substation in existence at the time Citation purchased the Salem  
10 Unit?

11 A: Yes. AmerenIP has always supplied power to the Salem Unit via the Texas  
12 Substation.

13 Q: Did Citation add any new electrical wires after it purchased the facility?

14 A: Not to take power from AmerenIP, no.

15 Q: Did Citation add any new wires for any reason?

16 A: Well, Texaco at its peak operated about two thousand wells on the Salem oil  
17 field. By the time Citation took over, only a little less than three hundred wells were still  
18 pumping. The remainder were dormant or abandoned. Occasionally, Citation would  
19 activate a dormant well or reactivate an abandoned well, and in some instances that  
20 would require constructing new lines to the wells.

21 Q: In those instances when new lines were constructed to energize those wells, did  
22 Citation secure a new power supply?

1 A: No. The power supply was simply an extension of the supply provided by  
2 AmerenIP via the Texas Substation.

3 Q: Did you ever contact anyone at AmerenIP about having AmerenIP supply power  
4 to the gas processing plant?

5 A: Yes. I spoke in late June 2005 with Conrad Siudyla of AmerenIP about this  
6 issue. He told me that the gas processing plant would have to be serviced by Tri-  
7 County, because the plant was to be located within Tri-County's service area.

8 Subsequently, on July 5, 2005 I spoke with Todd Masten about the issue, and then on  
9 July 8, 2005 I faxed Mr. Masten a letter that outlined Citation's position in detail. A copy  
10 of the letter I faxed is attached to my testimony as Exhibit 4.1.

11 Q: Is it important to Citation that AmerenIP supply power to the gas processing  
12 plant?

13 A: Yes.

14 Q: Why?

15 A: The power supply to the gas plant should be the same as the power supply to the  
16 wells. Otherwise, if Tri-County supplied the plant and AmerenIP supplied the wells and  
17 the power to the plant went down, the gas would flare into the atmosphere from the  
18 wellheads, and if Tri-County's power to the plant stayed up but the power to the wells  
19 went down, the equipment at the plant could overheat and sustain damage. The  
20 interconnection of the power to the plant and the wells ensures that in the event of a  
21 loss of power – to the plant or the wells – the whole of the field operations can be taken  
22 down using controls that are currently in place.

- 1 We view the plant as an extension of existing operations at the Salem Unit, so
- 2 we don't see why such an extension can't be serviced by an extension of the existing
- 3 electrical power supply provided by AmerenIP.

Respectfully submitted,

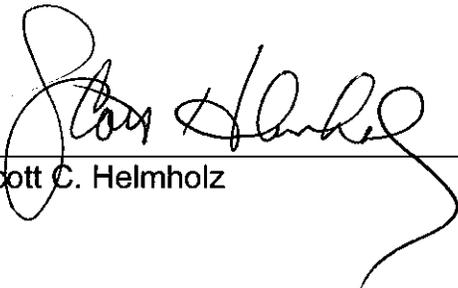
Jeffrey Lewis

## PROOF OF SERVICE

I, Scott C. Helmholz, hereby certify that today, November 6, 2009, I deposited in the United States mail at the post office in Springfield, Illinois, postage pre-paid, a copy of the PREPARED DIRECT TESTIMONY OF JEFFREY LEWIS, CITATION OIL & GAS CORP., IN SUPPORT OF ILLINOIS POWER COMPANY d/b/a AMERENIP addressed to the following:

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Scott C. Helmholz