

139 FERC ¶ 61,258
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

June 28, 2012

In Reply Refer To:
Antero Resources Corporation
Vanguard Permian, LLC
Docket No. RP12-793-000

Vinson & Elkins L.L.P.
1001 Fannin Street, Suite 2500
Houston, Texas 77002

Attention: James E. Olson
Attorney for Antero Resources Corporation

Reference: Joint Petition for Limited Waivers

Dear Mr. Olson:

1. On June 7, 2012, Antero Resources Corporation (Antero) and Vanguard Permian, LLC, (Vanguard) (jointly, the Petitioners) filed a Joint Petition requesting temporary, limited waivers of the Commission's capacity release regulations, certain other Commission policies, and the posting and bidding provisions set forth in the tariff of Gulf Crossing Pipeline Company LLC (Gulf Crossing) for the limited purpose of facilitating a permanent prearranged capacity release as part of Antero's deal to sell its production assets to Vanguard. The Petitioners request that such waivers remain in effect until the earlier of 60 days following the date of the Commission order granting waivers, or the date the capacity release transaction is completed. For the reasons discussed below, and for good cause shown, the Commission grants the requested limited waivers.

2. Antero and Vanguard are energy companies that engage in natural resource exploration and production. The Petitioners state that on June 1, 2012, they entered into a Purchase and Sales Agreement under which Vanguard acquired from Antero substantially all of Antero's natural gas production assets, which are located in the Arkoma Basin of Oklahoma and Arkansas. They state that the assets include the oil and gas leases and fee mineral interests, all wells located on any of the leases, interests in all hydrocarbons produced or allocated, and all contracts to which Antero is a party or is bound relating to any of the transferred assets. The Petitioners state that the expected closing date of the transaction will be June 29, 2012.

3. The Petitioners state that assets sold under the Purchase and Sales Agreement include two firm transportation service agreements for capacity held on Gulf Crossing that Antero uses to move its production to market.¹ The first service agreement is for 10,000 Dth per day, and expires on July 31, 2015. The second service agreement is for 10,000 Dth per day, and expires on July 31, 2016. The Petitioners state that both agreements include negotiated rates that are currently below the maximum recourse rate set forth in Gulf Crossing's effective tariff.

4. To facilitate the permanent prearranged release of capacity as part of the Purchase and Sales Agreement, the Petitioners request waivers of certain Commission regulations and policies, as well as waiver of certain provisions set forth in Gulf Crossing's tariff. Specifically, the Petitioners request waiver of: (1) the Commission's prohibition against tying arrangements; (2) the applicable maximum rate provisions set forth in sections 284.8(b)(2) and 284.8(h)(1)(iii) of the Commission's regulations; (3) the notification for bidding provisions set forth in section 284.8(d); (4) the bidding provisions set forth in section 284.8(e); (5) the posting and bidding provisions set forth in sections 6.16.2 and 6.16.3 of the General Terms and Conditions of Gulf Crossing's tariff; (6) the Commission's shipper-must-have-title policy; and (7) the Commission's prohibition against buy-sell arrangements.

5. The Petitioners state that the transfer of these two firm transportation service agreements is an integral part of the larger transaction, and that the requested waivers are necessary to allow the orderly transfer of firm capacity utilized in the transportation of the production sold as part of the transaction described above. They state that their waiver request satisfies the Commission's procedural requirements for requests for waivers of the capacity release regulations. They contend that the requested waivers are temporary and will only be used for the limited purpose of consummating the capacity release of the firm transportation agreements discussed above. They add that granting waivers will allow the continued use of this capacity to deliver existing natural gas production to market during the transaction.

6. The Petitioners further argue that granting the requested waivers is in the public interest because Vanguard will continue the development of the Arkoma Basin, while Antero's parent company will redeploy capital for the development of the Marcellus

¹ The Petitioners state that Antero also entered into a third firm transportation service agreement that has been previously permanently released as part of an Asset Management Arrangement. They do not believe any waivers were required as part of that release. They add that if the Commission finds that any waivers were required, they request that such waivers be granted by the Commission as part of the subject waiver request.

Shale, Upper Devonian Shale, and Utica Shale plays. They assert that development of all these shale plays will bring more competition and provide supplies of a critical and reliable domestic fuel source. They contend that granting the requested waivers would be consistent with waivers previously granted by the Commission under similar circumstances,² as well as waivers granted to facilitate the permanent release of transportation capacity subject to negotiated rate agreements.³

7. The Petitioners request that the Commission act on the waiver requests by June 29, 2012, which is the expected closing date of the transaction. They state that expedited action is needed to allow them to complete the permanent releases as part of the overall transaction prior to closing.

8. Public notice of the filing was issued on June 11, 2012. Interventions and protests were due on or before June 15, 2012, as provided by the notice. Pursuant to Rule 214, 18 C.F.R. § 385.214 (2012), all timely motions to intervene and any unopposed motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt this proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

9. The Commission has reviewed the Petitioners' request for waivers and finds that the request is adequately supported and consistent with previous waivers that the Commission has granted to permit the prearranged permanent release of capacity under similar circumstances.⁴ Accordingly, the Commission will grant temporary, limited waiver of its capacity release regulations, other policies as identified above, as well as the posting and bidding provisions set forth in Gulf Crossing's tariff for the limited purpose a

² Citing, *inter alia*, *Big Sandy Pipeline, LLC*, 136 FERC ¶ 61,130 (2011) and *BHP Billiton Petroleum (Fayetteville LLC) and Chesapeake Energy Marketing, Inc.*, 135 FERC ¶ 61,088 (2011).

³ *Total Gas & Power North America, Inc., and Chesapeake Energy Marketing, Inc.*, 131 FERC ¶ 61,023 (2010).

⁴ *E.g.*, *Constellation NewEnergy – Gas Div., LLC*, 130 FERC ¶ 61,059 (2010); *Sequent Energy Mgmt., L.P., et al.*, 129 FERC ¶ 61,188 (2009); *North Baja Pipeline, LLC*, 128 FERC ¶ 61,082 (2009); *Macquarie Cook Energy, LLC and Constellation Energy Commodities Group, Inc.*, 126 FERC ¶ 61,160 (2009); *Bear Energy LP*, 123 FERC ¶ 61,219 (2008); *Barclays Bank PLC and UBS AG*, 125 FERC ¶ 61,383 (2008); *Wasatch Energy, LLC and Northwest Pipeline Corp.*, 118 FERC ¶ 61,173 (2007); *Sempra Energy Trading Corp.*, 121 FERC ¶ 61,005 (2007); *Northwest Pipeline Corp. and Duke Energy Trading and Mktg., L.L.C.*, 109 FERC ¶ 61,044 (2004).

facilitating a permanent prearranged capacity release as part of Antero's deal to sell its production assets to Vanguard. Granting these waivers will allow the Petitioners to execute their Purchase and Sales Agreement and transfer the assets in an orderly and efficient manner. It will also ensure uninterrupted access to natural gas in the Arkoma Basin. The Commission will allow the waivers to remain in effect until the earlier of 60 days following the date of this order granting waivers, or the date the capacity release transaction is completed.

By direction of the Commission. Commissioner Clark is not participating.

Nathaniel J. Davis, Sr.,
Deputy Secretary.