

129 FERC ¶ 61,273
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

December 28, 2009

In Reply Refer To:
Parnon Gathering, Inc.
Docket No. OR10-1-000

John & Hengerer
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Attention: Gordon J. Smith
Counsel for Parnon Gathering, Inc.

Reference: Request for Temporary Waiver of Tariff Filing and Reporting
Requirements

Ladies and Gentlemen:

1. On October 22, 2009, Parnon Gathering, Inc. (Parnon) filed a request for a temporary waiver of the tariff filing and reporting requirements contained in sections 6 and 20 of the Interstate Commerce Act (ICA) for its pipeline that extends from Parnon's Pinkston Station in Texas to its Hewitt and Elmore stations in Oklahoma. Parnon purchased this pipeline and associated assets from Cimmarron Gathering, L.L.C. (Cimmarron), which had operated this pipeline facility under the terms of a similar waiver.¹ Upon consideration, the Commission grants the waiver requested by Parnon subject to the conditions that Parnon maintain its books and records in accordance with the Uniform System of Accounts and that Parnon timely notify the Commission of any material change in its operations as specified herein.

2. Parnon explains that it is a wholly-owned subsidiary of Parnon Holdings, Inc., a crude oil pipeline company organized under the laws of the State of Delaware, and authorized to do business in the States of Texas and Oklahoma. On October 22, 2009,

¹ *Cimmarron Gathering, L.P.*, 126 FERC ¶ 61,017 (2009).

Parnon and Cimmarron consummated a purchase and sale agreement with respect to certain crude oil pipeline facilities. These facilities had been operated by Cimmarron under a temporary waiver granted by the Commission of the ICA section 6 and section 20 tariff filing and reporting requirements applicable to interstate crude oil pipelines.² Parnon acquired the pipeline facilities, terminals, various operational and supporting hardware, software, and all associated crude oil supply and sales agreements. Parnon intends to operate them in a similar manner as Cimmarron had, and states that its ownership and operation of the crude oil line will be fully consistent with the dictates of the Commission's Special Permissions waiver.

3. Parnon is seeking the waiver for a single interstate pipeline that moves crude oil from various sources in Oklahoma and Texas to two destination points in Oklahoma. The Parnon pipeline consists of 63.6-miles of four-inch and 5.4 miles of six-inch diameter mainline, as well as a six mile long "spur line" of six-inch diameter pipe. The pipeline originates in Grayson County, Texas, at Parnon's Pinkston Station and runs to its principal terminus at the Elmore City Station in Garvin County, Oklahoma. There are no intermediate pipeline or wellhead interconnects anywhere on the mainline or the spur line.

4. Parnon states that its pipeline is similarly situated to pipelines that have previously received temporary waivers from the Commission under its Special Permissions policy. Parnon states that the Parnon crude oil pipeline is a relatively small-diameter, short pipeline located almost entirely within one state. Parnon states that it owns 100 percent of the crude oil transported on the pipeline and that Parnon purchases almost its entire throughput directly from wellhead sources. Parnon states that the crude oil pipeline has no intermediate interconnections between its origin and destination points and that no person has requested the construction of such an interconnection. Parnon also states that no third party has formally requested transportation services or access to the crude oil pipeline. Parnon further states that it is unaware of any third party interest in access to the pipeline and that it is unlikely that such interest will materialize.

5. Parnon states that the purchase and sale agreement with Cimmarron will be effective October 1, 2009. Accordingly, Cimmarron is contemporaneously submitting a status update and request that the Commission terminate its temporary waiver in Docket No. OR08-14-000, effective October 1, 2009. Therefore, to prevent any lapse in regulatory oversight, and to ensure continuous operation of the crude oil pipeline under Parnon's new ownership, Parnon respectfully requests that the Commission grant the requested temporary waiver, effective October 1, 2009.

6. Notice of Parnon's request for temporary waiver was issued on November 18, 2009. Persons desiring to intervene or protest this filing were accorded an opportunity to

² *Id.*

do so pursuant to Rules 211 and 214 of the Commission's Rules of Practice and Procedure.³ No requests for intervention or protests were received.

7. The Commission has granted temporary requests for waiver of the filing and reporting requirements of sections 6 and 20 of the ICA⁴ where, as here, all of the oil to be transported is owned by the pipeline or an affiliate; no third party has requested, or is likely to request, transportation service over the pipeline; and there is no opposition to the waiver request. In these cases, the Commission determined that where there was no active third-party shipper interest to protect under the ICA, a temporary waiver of the sections 6 and 20 filing and reporting requirements was warranted. However, the Commission granted such waivers subject to revocation should circumstances change and required the pipelines to keep their books and records in a manner consistent with the Commission's Uniform System of Accounts.

8. Upon consideration of the facts contained in the request as filed by Parnon, the Commission finds there currently appears no active third-party interest to protect under the ICA, and therefore grants the temporary waiver of the filing and reporting requirements of sections 6 and 20 of the ICA with an effective date of October 1, 2009.

9. Because this waiver is temporary, the Commission also directs Parnon to immediately report to the Commission any change in the circumstances which the Commission found to warrant the waiver. In addition, Parnon must maintain all books and records in a manner consistent with the Uniform System of Accounts for Oil Pipelines, 18 C.F.R. Part 352, and make such books and records available to the Commission or its duly authorized agents upon request.

By direction of the Commission.

Kimberly D. Bose,
Secretary

cc: All Parties

³ 18 C.F.R. §§ 385.211 and 385.214 (2009).

⁴See, e.g., *Sinclair Oil Corp.*, 4 FERC ¶ 62,026 (1978); *Hunt Refining Co. and East Mississippi Pipeline Co.*, 70 FERC ¶ 61,035 (1995); *Ciniza Pipe Line Inc.*, 73 FERC ¶ 61,377 (1995); *Enbridge Pipelines (NE Texas Liquids) L.P.*, 110 FERC 61,159 (2005); *Enbridge Pipelines (NE Texas Liquids) L.P.*, 117 FERC ¶ 61,046 (2006); *Giant Pipeline Company and Giant Industries Arizona, Inc.*, 120 FERC ¶ 61,275 (2007).