

147 FERC ¶ 61,083
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

April 30, 2014

In Reply Refer To:
GeoMet, Inc.
ARP Mountaineer Production, LLC
Docket No. RP14-716-000

ARP Mountaineer Production LLC
Attn: Joel S. Heiser
3500 Massillon Rd., Suite 100
Uniontown, OH 44685

GeoMet, Inc.
Attn: Bill Rankin
909 Fannin Street, Suite 1850
Houston, TX 77010

Dear Messrs. Heiser and Rankin:

1. On April 2, 2014, GeoMet, Inc. (GeoMet) and ARP Mountaineer Production, LLC (ARP) (jointly, Petitioners) filed a Joint Petition requesting temporary waivers of the Commission's capacity release regulations and certain other Commission policies for the limited purpose of facilitating a permanent prearranged capacity release as part of an agreement to sell GeoMet's production assets in West Virginia and Virginia to ARP. Petitioners request expedited issuance of an order on this Joint Petition no later than May 1, 2014 and request that such waivers be effective immediately upon issuance of a Commission Order approving the waiver and remain in effect for 120 days. For the reasons discussed below, and for good cause shown, the Commission grants the requested limited waivers.

2. Petitioners state that, under the Purchase and Sale Agreement reached on February 13, 2014, ARP will acquire all, or substantially all, of GeoMet's coal bed methane natural gas production assets in West Virginia and Virginia. In conjunction with this transaction, GeoMet is seeking to permanently release to ARP its transportation capacity associated with Contracts Nos. 410290 and 491291 with East Tennessee Natural

Gas, LLC (ETNG).¹ Petitioners state that ARP will fully assume GeoMet's obligation to ETNG under the contracts to enable ETNG to permanently release GeoMet from its obligation to ETNG.

To facilitate the permanent prearranged release of capacity as part of the Purchase and Sales Agreement, Petitioners request waivers of certain Commission regulations and policies as well as related capacity release provisions in ETNG's FERC Natural Gas Act (NGA) Gas Tariff,² as well as any other waivers or authorizations deemed necessary. Specifically, Petitioners request waiver of the Commission's (1) capacity release posting and bidding requirements;³ (2) prohibition on the release of capacity above the maximum recourse rate;⁴ (3) prohibition against tying, to the extent applicable; (4) shipper-must-have-title policy; and (5) any other waivers or authorizations deemed necessary to permit the parties to consummate the transaction. Petitioners request that the waiver be effective immediately upon issuance of a Commission order approving such waiver and that it remain in effect for 120 days.

3. Petitioners assert that granting the limited waiver requested herein is in the public interest. Petitioners state the limited waiver requested herein will facilitate the development of natural gas production areas in West Virginia and Virginia by providing ARP with the assurance and ability that it will be able to produce and transport the natural gas production that is the subject of the transaction. Petitioners also assert that the limited waiver requested will allow the parties to finalize the transaction by confirming the economic underpinnings of the underlying agreements.

4. Public notice of the joint petition was issued on April 7, 2014. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.⁵

¹ See Petition at 3.

² Provisions governing the release of firm capacity, the posting and bidding requirements for capacity release transactions, and the prohibition on the release of capacity at a rate above the maximum recourse rate are set forth in General Terms and Conditions Part 6 of ETNG's FERC NGA Gas Tariff.

³ 18 C.F.R. § 284.8(d)-(e) (2013).

⁴ 18 C.F.R. § 284.8(b)(2) (2013).

⁵ 18 C.F.R. § 154.210 (2013).

Pursuant to Rule 214,⁶ 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.

5. We have reviewed Petitioners' request for temporary waivers and find that the request is adequately supported and consistent with previous waivers that the Commission has granted to permit the release of capacity under similar circumstances,⁷ particularly when the transfers are a result of various types of corporate restructurings, including corporate mergers and sales of entire business units.

6. Petitioners have also provided the information required for approval of such waivers: (1) identification of the regulations and policies for which waiver is sought; (2) identification of the pipeline service agreements and capacity to be transferred; and (3) description of the overall transaction and its claimed benefits, with sufficient detail to permit the Commission and other interested parties to determine whether granting the requested waivers is in the public interest.⁸

7. Accordingly, for good cause shown, the Commission grants Petitioners' request for temporary, limited waiver of its capacity release regulations, including the prohibitions on buy/sell and tying arrangements, as well as the posting and bidding provisions and shipper-must-have-title requirements. In addition, the Commission grants,

⁶ 18 C.F.R. § 385.214 (2013).

⁷ See, e.g., *Big Sandy Pipeline, LLC*, 141 FERC ¶ 61,151 (2012); *Antero Resources Corp.*, 139 FERC ¶ 61,258 (2012); *Salmon Resources, LTD*, 138 FERC ¶ 61,059 (2012); *Big Sandy Pipeline, LLC*, 136 FERC ¶ 61,130 (2011); *BHP Billiton Petroleum (Fayetteville LLC)*, 135 FERC ¶ 61,088 (2011); *Wisconsin Electric Power Co.*, 131 FERC ¶ 61,104 (2010); *EnergyMark, LLC*, 130 FERC ¶ 61,059 (2010); *Total Gas & Power North America, Inc.*, 131 FERC ¶ 61,023 (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*, 126 FERC ¶ 61,160 (2009); *Bear Energy LP*, 123 FERC ¶ 61,219 (2008).

⁸ *Request for Clarification of Policy Regarding Waivers of Applicable Requirements to Facilitate Integrated Transfers of Marketing Businesses*, 127 FERC ¶ 61,106, at P 10 (2009).

to the extent necessary, a temporary and limited waiver of the above-referenced provisions of the pipelines' tariffs so as to facilitate the capacity release transaction. The Commission will allow the waivers to remain in effect for a 120-day period following issuance of this Order.

By direction of the Commission.

Kimberly D. Bose,
Secretary.