

150 FERC ¶ 61,158
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

February 27, 2015

In Reply Refer To:
Black Marlin Pipeline Company
Docket No. RP15-361-000

Black Marlin Pipeline Company
2800 Post Oak Boulevard
Houston, TX 77056

Attention: Larry Jensen
Regulatory Affairs Manager

Dear Mr. Jensen:

1. On January 23, 2015, Black Marlin Pipeline Company (Black Marlin) filed a “Petition for Extension of Temporary Exemptions from Tariff Provisions” seeking an extension of previously granted temporary exemptions, for up to two years, from various parts of its FERC Gas Tariff, Second Revised Volume No. 1, and any commensurate exemptions from Commission orders or policies upon which such tariff provisions are formulated, so that it can continue to provide jurisdictional transportation service. Black Marlin’s filing seeks a renewal of certain exemptions that were initially granted by the Commission annually through March 1, 2015.¹

2. Due to the declining production and concerns regarding the integrity of the Black Marlin system, Black Marlin states that it cannot provide firm transportation service and has been able to provide interruptible service only under certain conditions. Black Marlin states that, although no transportation is occurring at this time on the offshore segment of the Black Marlin system, an extension of the exemptions is necessary in the event offshore transportation service is restored, or if Black Marlin

¹ See *Black Marlin Pipeline Co.*, 122 FERC ¶ 61,300 (2008); *Black Marlin Pipeline Co.*, 126 FERC ¶ 61,187 (2009); *Black Marlin Pipeline Co.*, 130 FERC ¶ 61,141 (2010); *Black Marlin Pipeline Co.*, 134 FERC ¶ 61,223 (2011); *Black Marlin Pipeline Co.*, 138 FERC ¶ 61,151 (2012); *Black Marlin Pipeline Co.*, 142 FERC ¶ 61,159 (2013).

ultimately requests abandonment, until abandonment authority is granted by the Commission.

3. Black Marlin's specific exemption requests fall within three categories. First, Black Marlin requests exemptions to suspend the nomination/scheduling process and the manner in which receipts/deliveries are determined so that only actual quantities received and delivered are recognized and invoiced. Accordingly, Black Marlin requests exemptions from sections 9 and 12 of Rate Schedule FTS, sections 7 and 10 of Rate Schedule ITS, and section 9 of its General Terms and Conditions (GT&C). Second, Black Marlin requests exemptions from the North American Energy Standards Board (NAESB) Nominations Related Standards listed in section 1.7(b)(ii) and Flowing Gas Related Standards in section 1.7(b)(iii) of its GT&C for the same reasons expressed in the preceding set of requested exemptions. Third, Black Marlin requests exemptions to its imbalance resolution procedures in sections 21.2 and 21.3 of its GT&C in recognition of the necessity to batch deliveries to the Kinder Morgan Tejas Pipeline, LLC (KMT) delivery point and minimize any residual month-end imbalance cashouts with the shipper at an average index price for the month in lieu of the "high/low" value as contained in the tariff.

4. In its transmittal, Black Marlin recaps the circumstances leading to its request for the earlier exemptions. Black Marlin explains that, prior to its request for those exemptions, it had been experiencing ongoing operational stress for several years brought about by a declining customer base, a commensurate decline in transportation volumes and the termination of production activity in certain production blocks attached to its system. Black Marlin states that, on April 11, 2014, the internal line pressure of a riser blew out the grease fitting on the valve thereby allowing natural gas to escape from the system. Although a valve repair was completed, Black Marlin states that it has not returned the offshore pipeline segment to service due to overall concerns regarding the integrity of the system. Black Marlin states that because of the age of the system, its lack of utilization, and the fact that the system has not been pigged since 2006, the offshore system has been shut-in and abandonment of the Black Marlin system is under active consideration.

5. Black Marlin states that, although abandonment of the Black Marlin system is under active consideration, unless and until any such abandonment is approved by the Commission, it must continue to comply with the obligations set out in its tariff. Black Marlin further states that it must be allowed to avoid month-end imbalances, and to be able to "batch" gas deliveries if its offshore system ever returns to service. Finally, Black Marlin asserts that, if the Commission grants its requested exemptions, its stakeholders will benefit from its continued operations, and no shipper or stakeholder should be harmed in any manner by the granting of these exemptions.

6. Public notice of the filing was issued on January 28, 2015. Interventions and protests were due as provided in section 154.210 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 154.210 (2014). Pursuant to Rule 214, 18 C.F.R. § 385.214 (2014), all timely filed 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 party filed a protest or adverse comments.

7. For good cause shown, we grant Black Marlin's petition for temporary exemptions from sections 9 and 12 of Rate Schedule FTS, sections 7 and 10 of Rate Schedule ITS, and sections 1.7(b)(ii) and (iii), 9, 21.2, and 21.3 of its GT&C to be effective March 1, 2015, and continue for a period of two years, as proposed. These exemptions will allow Black Marlin to continue to provide some level of service while minimizing its costs as it attempts to find long term solutions to its operational issues.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.