150 FERC ¶ 61,192
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

March 17, 2015

In Reply Refer To:
Hess Corporation and
Hess Trading Corporation
Docket No. RP15-486-000

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Dear Messrs. Sweeney and Lindsey:

1. On February 19, 2015, Hess Corporation (Hess) and Hess Trading Corporation (HTC) (jointly Petitioners) filed a petition for waiver of the Commission's regulations and policies, along with certain tariff provisions of Sea Robin Pipeline Company, L.L.C. (Sea Robin), to enable Hess to assign and transfer to HTC its firm jurisdictional natural gas transportation and related agreements with Sea Robin. Petitioners claim that the waiver is necessary to effectuate the transfer to HTC in order to implement a recent internal reorganization, which they state will promote efficiency and accountability at the asset level and will provide other operational flexibilities. Petitioners request expedited action, on or before March 13, 2015, to enable them to complete the implementation of the reorganization as soon as possible. For the reasons discussed below, and for good cause shown, the Commission grants the requested waiver.

2. Petitioners seek to facilitate the acquisition by HTC of Hess' firm natural gas transportation agreement with Sea Robin, under Rate Schedule FTS-2 and the acquisition by Hess production affiliates of a companion Reserve Commitment Agreement (RCA) to the Rate Schedule FTS-2 service agreement. Petitioners further request Commission

acceptance of revisions to Sea Robin's RCA as a non-conforming agreement under Sections 154.1(d) and 154.112(b) of the Commission's regulations.[1]

3. Petitioners state that these authorizations are a part of a corporate restructuring and Hess' larger assignment to HTC of its gas transportation agreements, and that the transfer of the transportation agreements is an essential milestone to Hess' comprehensive and orderly exit from the natural gas commodity business in the offshore Gulf of Mexico. Petitioners state that they have executed both a Purchase and Sale Agreement (PSA) pursuant to which Hess, and in the future its production affiliates, will sell and transfer to HTC title to all natural gas owned by Hess in certain leases in the Gulf of Mexico. Petitioners further state that they have entered into an Assignment and Assumption Agreement (AAA), whereby Hess transferred to HTC all of its agreements for the transportation, sale and purchase of natural gas in the Gulf of Mexico, except for the Rate Schedule FTS-2 agreements that are the subject of its waiver request. Petitioners assert that granting the requested waiver will provide them with the flexibility needed to seamlessly transition the assets without disruption to customers, transmission providers and other counterparties receiving service and supplies under the agreements.

4. According to the Petitioners, the AAA provides that HTC will be the successor to Hess' duties and obligations under the applicable transportation agreement, as well as natural gas purchase and sales agreements. They state that the applicable transportation agreement is intended to be transferred through an assignment. Petitioners identified the amount and type of capacity of each service provider whose capacity is addressed by the PSA. To facilitate the assignment and transfer as part of the PSA, Petitioners request a temporary waiver of the Commission's capacity release posting and bidding regulations and policies,[2] the applicable capacity release provisions in Sea Robin's tariff, the prohibition against tying, the shipper-must-have-title policy, the prohibition on buy/sell arrangements and any other waivers or authorizations deemed necessary by the Commission.

5. Public notice of this filing was issued on February 23, 2015. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.[3] Pursuant to Rule 214,[4] all timely motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention

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[1] 18 C.F.R §§ 154.1(d) and 154.112(b) (2014).

[2] 18 C.F.R. § 385.207 (2014).

[3] 18 C.F.R. §154.210 (2014).

[4] 18 C.F.R. §385.214 (2014).

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.

6. The Commission has reviewed Petitioners' request for waiver and finds that the request is adequately supported and consistent with previous waivers that the Commission has granted under similar circumstances.[5] Accordingly, for good cause shown, the Commission will grant the requested temporary waivers, including waiver of the shipper-must-have-title policy, the prohibition on buy/sell arrangements and tying arrangements, and the restriction on capacity releases below or above the maximum rate sufficient to allow an assignment. We find that the Petitioners have provided the information required for approval of the waiver request, specifically: (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.[6]

7. In addition, the Commission has reviewed the non-conforming RCA submitted with the petition and finds that the contract contains permissible deviations from the *pro forma* agreements in Sea Robin's tariff. The modifications reflect only the assignment of the transportation agreement from Hess to HTC, and that the shipper under the revised agreements, HTC, will be different than the Hess production affiliates, who will enter into the corresponding reserve commitment agreements. As such, these changes do not present a substantial risk of undue discrimination. Accordingly, for the reasons discussed above, the Commission grants the requested waiver. The Commission directs Petitioners, within 60 days of the assignment of the reserves to Hess production affiliates, to submit a status report to the Commission. The status report must identify the Hess production affiliates to which the reserves were assigned and confirm that those

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[5] *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).

[6] *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).

affiliates have all entered into reserve commitment agreements with Sea Robin that maintain the commitment of reserves presently identified in each respective contract.

By direction of the Commission.

Kimberly D. Bose,
Secretary.