153 FERC ¶ 61,280
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

December 7, 2015

In Reply Refer To:
QEP Marketing Company, Inc.
QEP Energy Company, Inc.
Docket No. RP16-181-000

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Dear Ms. Hoskins and Mr. Wiseman:

1. On November 10, 2015, QEP Marketing Company, Inc. (QEP Marketing) and QEP Energy Company, Inc. (QEP Energy) (jointly, the Petitioners) filed a Joint Petition requesting temporary waivers of the Commission's capacity release regulations and certain other Commission policies related to the release of capacity on several interstate natural gas pipelines.[1] In addition, to the extent required, Petitioners seek a temporary waiver of tariff provisions of the Indicated Pipelines to effectuate an internal business reorganization. The Petitioners request that the Commission issue an order on the

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[1] Petitioners also are seeking, to the extent necessary, temporary waiver of the tariff provisions governing capacity release, posting and bidding requirements, and title requirements, of the following natural gas pipelines: Kern River Gas Transmission Company, Questar Pipeline Company, Rendezvous Pipeline Company, Southern Star Central Gas Pipeline, Inc., and Wyoming Interstate Company, Ltd. (collectively, the Indicated Pipelines), in order to implement the Transaction (described below).

Petition no later than December 7, 2015, in anticipation of the Transaction's commencing December 15, 2015, with completion anticipated by January 31, 2016. For the reasons discussed below, and for good cause shown, the Commission grants the requested temporary waivers.

2. The Petitioners state that these waivers are requested to allow QEP Marketing to transfer firm transportation agreements (between it and each of the Indicated Pipelines) to QEP Energy and to avoid any unintended, inadvertent violation of any Commission policy, such as the requirement that shipper must have title and the prohibition on tying arrangement. Petitioners state that they have discussed the substance of this Petition with, and have furnished a draft of the Petition to, each of the Indicated Pipelines, who have stated they do not oppose the waivers requested in the Joint Petition.

3. Specifically, the Petitioners request waiver of the Commission's capacity release regulations set forth in section 284.8 of the Commission's regulations, including the posting and bidding requirements; restrictions on capacity releases above or below the maximum rate of the Indicated Pipelines; shipper-must-have-title policy; prohibition against buy-sell arrangements; prohibition against tying arrangements; and any other authorizations necessary to permit the capacity under each of the jurisdictional transportation agreements between QEP Marketing and the respective Indicated Pipeline to be permanently released, or assigned, to QEP Energy.

4. Petitioners explain that the Transaction contemplates their parent company, QEP Resources, Inc., terminating natural gas re-sale agreements between its subsidiaries QEP Marketing and QEP Energy (the Petitioners). Under the plan of reorganization, subject to receipt of the waivers requested by this Joint Petition, QEP Marketing will assign substantially all its gathering and transportation agreements with third-parties to QEP Energy. The assignment is a component of a project to terminate substantially all affiliate resale and marketing transactions between QEP Marketing and QEP Energy (the foregoing actions constitute the Transaction). QEP Energy will directly market its production upon implementation of the Transaction. QEP Marketing will continue to conduct business activities related to the storage of natural gas, primarily through its wholly-owned subsidiary Clear Creek Storage Company, LLC. QEP Resources, Inc. intends to implement this reorganization to eliminate unnecessary affiliate-to-affiliate transactions and streamline operations and administrative functions.

5. The Petitioners argue that the temporary waivers will only be used for the limited purpose of implementing the Transaction, thereby allowing QEP Marketing to terminate its resale agreements with QEP Energy and focus on natural gas storage operations. QEP Energy will use the transportation service agreements with each of the Indicated Pipelines for the same purpose for which they currently are used, i.e., to transport its own natural gas production or volumes it purchases from third parties. The transportation service agreements shall be used in the same manner, and under the same terms and conditions,

as was the case when QEP Marketing was the shipper. The Petitioners state that the Commission has granted comparable waivers in similar circumstances.[2] The Petitioners also state that the Commission has granted waivers of its capacity release regulations and policies to allow parties to consummate internal reorganizations based upon these same considerations.[3] It also has granted waivers of the shipper-must-have-title policy, prohibition against tying, and prohibition against buy/sell transactions where requested so that applicants for the waivers do not inadvertently commit a technical violation of the Commission's policies in consummating a transaction.[4] The Petitioners state that the waivers requested in their Joint Petition, and the reasons for the requested waivers, are consistent with the type of temporary, limited waiver the Commission has previously granted.

6. The Petitioners request that the Commission act on their waiver requests by December 7, 2015 and that the waivers become effective upon the issuance of the order to allow them to implement the Transaction beginning December 15, 2015, and complete it by January 31, 2016.

7. Public notice of the filing was issued on November 16, 2015. Interventions and protests were due on or before November 18, 2015, as provided by the notice. Pursuant to Rule 214, 18 C.F.R. § 385.214 (2015), 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

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[2] Joint Petition at 8 (citing, *e.g.*, *Barclays Bank PLC*, 152 FERC ¶ 61,069 (2015); *Hess Corporation*, 150 FERC ¶ 61,192 (2015); *Rice Drilling B LLC*, 150 FERC ¶ 61,014 (2015) (*Rice Drilling*); *J.P. Morgan Ventures Energy Corp*., 148 FERC ¶ 61,010 (2014); *Gavilon, LLC*, 146 FERC ¶ 61,219 (2014) (*Gavilon*); *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)).

[3] Joint Petition at 9 (citing *Rice Drilling*, 150 FERC ¶ 61,014).

[4] Id. (citing, *e.g.*, *Gavilon*, 146 FERC ¶ 61,219 at P 6; *compare* Gavilon, LLC and Tenaska Marketing Ventures Joint Petition for Temporary Waiver of Capacity Release Regulations, Related Pipeline Tariff Provisions and Request for Expedited Action, filed in Docket No. RP14-516 on Feb. 25, 2014 at p. 7).

proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

8. The Commission has reviewed the Joint Petition and finds that the waivers requested are adequately supported and consistent with previous waivers that the Commission has granted under similar circumstances. Accordingly, the Commission will grant temporary, limited waivers of its capacity release regulations, and the related polices and tariff provisions of the Indicated Pipelines policies as identified above, but only as needed to facilitate the described Transaction. Granting these waivers will allow the Petitioners to implements the Transaction in an orderly and efficient manner. The Commission will allow the waivers to become effective on the date that this order issues, and remain in effect until the reorganization described herein is complete on January 31, 2016, as anticipated.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.