

156 FERC ¶ 61,013
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

July 6, 2016

In Reply Refer To:
EQT Energy, LLC and
Statoil Natural Gas LLC
Docket No. RP16-1018-000

D. Kirk Morgan II
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Dear Mr. Morgan II and Ms. Gibbs:

1. On June 3, 2016, EQT Energy, LLC (EQT Energy) and Statoil Natural Gas LLC (Statoil) (collectively, Petitioners) filed a joint petition requesting a limited and temporary waiver of the Commission's capacity release regulations and policies and related capacity release tariff provisions of Columbia Gas Transmission, LLC (Columbia Gas) in order to permit the permanent release of capacity under two firm service agreements on Columbia Gas.¹ Petitioners request that the waiver remain in effect until the earlier of 90 days following the date that an asset purchase transaction closes or the date the capacity release transactions and assignments described herein are complete. Petitioners also request a shortened comment period and expedited action granting the petition no later than July 6, 2016. For the reasons discussed below, and for good cause shown, the Commission grants the requested temporary waiver.

¹ Petitioners state that Columbia Gas does not oppose the Petition.

2. According to the Petitioners, the transfer of capacity under the two firm service agreements on Columbia Gas is part of a larger transaction involving the sale by Statoil's affiliate, Statoil USA Onshore Properties, Inc. (Statoil USA OP) of certain natural gas production assets in Wetzel, Tyler, and Harrison Counties of West Virginia (the "Fields") to EQT Energy's parent company, EQT Corporation. Petitioners state that on April 20, 2016, Statoil USA OP and EQT Corporation entered into a Purchase and Sale Agreement under which Statoil USA OP will transfer the production assets in the Fields to EQT Corporation, as well as the capacity utilized under the firm service agreements to move Statoil USA OP's production from the Fields to market (the Transaction). The firm service agreements are currently held by Statoil. Petitioners state that a grant of the requested waivers will allow Statoil to permanently release the capacity associated with the service agreements to EQT Energy. Petitioners further state that, consistent with the tariff provisions of Columbia Gas, EQT Energy will execute new transportation service agreements with Columbia Gas under the same terms and conditions applicable to the firm service agreements to which Statoil is currently a party. Accordingly, to facilitate the Transaction, Petitioners seek waiver of the Commission's: (1) capacity release regulations set forth in section 284.8 of the Commission's regulations, including the posting and bidding requirements;² (2) restrictions on capacity releases above or below the maximum rate of the above mentioned;³ (3) shipper-must-have-title policy; (4) prohibition against buy/sell arrangements; and (5) prohibition against tying arrangements to permit the capacity under the Service Agreements to be permanently released. Petitioners also request that the Commission waive the related capacity release tariff provisions of Columbia Gas.

3. Petitioners assert that the permanent release of capacity under the firm service agreements to EQT Energy is an integral part of the overall transfer of Statoil USA OP's West Virginia production assets in the Fields to EQT Corporation. Petitioners also assert that the requested temporary waivers are in the public interest because they will allow the orderly transfer of capacity that Statoil has utilized in the transportation of production from West Virginia that EQT Corporation will be acquiring as part of the Transaction. Petitioners contend that granting the temporary waivers is consistent with waivers the Commission previously granted under similar circumstances where parties have sought capacity releases waivers in connection with the sale of related production assets.⁴

² 18 C.F.R. §§ 284.8(c)-(e) (2015).

³ 18 C.F.R. §§ 284.8(b)(2), 284.8(h)(1)(iii) (2015).

⁴ Petition at 2 (citing *Washington Gas Light Company*, 152 FERC ¶ 61,159 (2015); *Apache Corporation*, 153 FERC ¶ 61,262 (2015); *Apache Corporation*, 149 FERC ¶ 61,289 (2014); *Big Sandy Pipeline, LLC*, 136 FERC ¶ 61,130, at P 1 (2011); *BHP Billiton Petroleum (Fayetteville) LLC*, 135 FERC ¶ 61,088, at P 2 (2011); *Marathon Oil Company*, 133 FERC ¶ 61,168, at P 2 (2010);

Petitioners also contend that granting temporary waiver of the Commission's prohibition against tying arrangements to allow the permanent releases of capacity under the firm service agreements is consistent with the Commission's policy of granting "waivers of various policies and regulations relating to the transfer of interstate pipeline transportation capacity in order to facilitate the transfer of natural gas supply and transportation contracts and other assets as a result of various types of corporate restructurings, including corporate mergers and sales of entire business units."⁵

4. Further, Petitioners state the Transaction involves the sale of substantially all of Statoil USA OP's West Virginia production assets in the Fields. Petitioners state the sale of all of Statoil USA OP's West Virginia production assets in the Fields goes beyond a simple transfer of interstate pipeline capacity from one company to another and, therefore, the waivers requested are appropriate.⁶ Finally, Petitioners request that the Commission issue an order on their Petition not later than July 6, 2016 because the expected closing date of the sale is July 8, 2016.

5. Public notice of the filing was issued on June 7, 2016. Interventions and protests were due on or before June 10, 2016, as provided in section 154.210 of the Commission's regulations.⁷ Pursuant to Rule 214,⁸ all motions to intervene are granted 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 the proceeding or place additional burdens on existing parties. No adverse comments or protests were filed.

6. The Commission has reviewed the Petitioners' request for temporary waiver and finds that the request is adequately supported and consistent with previous waivers the Commission has granted to permit the permanent release of capacity under similar circumstances.⁹ Specifically, we find that Petitioners have provided the information

Total Gas & Power North America, Inc., Inc., 131 FERC ¶ 61,023, at PP 10-12 (2010)).

⁵ Petition at 6 (citing *Macquarie Cook Energy, LLC*, 126 FERC ¶ 61,160, at P 13 (2009)).

⁶ Petition at 9 (citing *Macquarie Cook Energy, LLC*, 126 FERC ¶ 61,160, at PP 12 and 14).

⁷ 18 C.F.R. § 154.210 (2015).

⁸ 18 C.F.R. § 385.214 (2015).

⁹ 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

required for approval of such waivers, which includes: (a) identification of the regulations and policies for which waiver is sought; (b) identification of the pipeline service agreements and capacity to be transferred; and (c) a 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 waiver is in the public interest.¹⁰

7. Accordingly, for good cause shown, the Commission grants Petitioners' request for temporary, limited waiver of its capacity release regulations, including the prohibition on buy/sell arrangements, the posting and bidding provisions and shipper-must-have-title requirements but only as necessary to facilitate the described Transaction. Granting these waivers will allow the Petitioners to implement the Transaction in an orderly and efficient manner. In addition, the Commission grants, to the extent necessary, a temporary and limited waiver of the related capacity release tariff provisions of Columbia Gas so as to facilitate the capacity release transaction. The Commission will allow the waiver to remain in effect until the earlier of 90 days following the date that the asset purchase transaction closes or the date the capacity release transactions and assignments described herein are complete.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

¶ 61,059 (2012); *Big Sandy Pipeline, LLC*, 136 FERC ¶ 61,130; *BHP Billiton Petroleum (Fayetteville) LLC*, 135 FERC ¶ 61,088; *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; *Sequent Energy Mgmt., L.P.*, 129 FERC ¶ 61,188 (2009); *North Baja Pipeline, LLC*, 128 FERC ¶ 61,082 (2009); *Macquarie Cook Energy, LLC*, 126 FERC ¶ 61,160; *Bear Energy LP*, 123 FERC ¶ 61,219 (2008).

¹⁰ *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).