

156 FERC ¶ 61,040
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

July 18, 2016

In Reply Refer To:
SWN Energy Services Company,
LLC
Antero Resources Corporation
Docket No. RP16-1037-000

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Reference: Joint Petition for Temporary Waivers of Capacity Release

Dear Mr. Snyder and Mr. Olson:

1. On June 17, 2016, SWN Energy Services Company, LLC (SESC) and Antero Resources Corporation (Antero) (collectively, Petitioners) filed a joint petition (Petition) for temporary waiver of the Commission's capacity release regulations and policies to facilitate the permanent assignment of a firm service agreement at existing rates.¹ Petitioners request that the Commission act no later than July 18, 2016. As discussed below, and for good cause shown, the Commission grants the requested temporary waivers.

¹ According to Petitioners the subject service agreement (Contract No. 161253) is between SESC and Columbia Gas Transmission, LLC (Columbia Gas).

2. Petitioners state that SESC operates as a subsidiary of Southwestern Energy Company (Southwestern), a publicly-traded independent oil and gas exploration and production company. Petitioners further state that SESC markets natural gas for all subsidiaries of Southwestern.
3. According to the Petition, on June 9, 2016, SWN Production Company, LLC, an oil and gas exploration and production company, who is also a subsidiary of Southwestern, entered into an agreement with Antero to sell approximately 55,000 net acres of associated oil and gas wells and related equipment and agreements in West Virginia for \$450 million. Pursuant to the agreement, SWN Production Company, LLC, will transfer to Antero properties located in Doddridge, Harrison, Marion, Monongalia, Pleasants, Ritchie, Tyler and Wetzel Counties.
4. SESC proposes to transfer associated firm transportation capacity by assigning the FTS service agreement between Columbia Gas and SESC to Antero. The FTS service agreement is a maximum rate agreement that terminates on September 30, 2058. Petitioners state the transfer of the subject service agreement at the rates set forth therein is integral to the full implementation of the sales transaction described above. Thus Petitioners seek the requested waivers to allow SESC to permanently release the capacity under the FTS service agreement to Antero in conjunction with the sale of property as discussed.
5. Petitioners request temporary and limited waivers of the Commission's capacity release regulations (set out in 18 C.F.R. § 284.8 (2015)) and policies, including: (1) the prohibition against tying to the extent applicable; and (2) any other authorizations or waivers deemed necessary in order to permit the transaction. The Petitioners also seek a temporary waiver of the applicable sections of the General Terms and Conditions of Columbia Gas's FERC Gas Tariff, which implement the Commission's capacity release regulations and policies. Petitioners state that they have discussed the substance of this petition with Columbia Gas, who has authorized Petitioners to state that it consents to this petition.
6. Public notice of the petition was issued on June 20, 2016. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.² Pursuant to Rule 214,³ 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

² 18 C.F.R. § 154.210 (2015).

³ 18 C.F.R. § 385.214 (2015).

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.

7. We have reviewed the 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, including consummate transactions such as mergers and sales of entire business units.⁴ The FTS service agreement appears to be essential for the overall business transaction and ensures the transfer is uninterrupted, in conjunction with the sale of other assets. The FTS service agreement is necessary to enable Antero to properly function in its new role as owner of the production assets.

8. Accordingly, for good cause shown, we grant the Petitioners' request for a temporary waiver of the specified capacity release regulations, policies, and tariff provisions, to the extent necessary to allow the permanent release of a firm transportation service agreement from SESC to Antero as discussed. Specifically, the Commission grants a limited, temporary waiver of section 284.8 of its regulations. The Commission also grants a limited waiver of Columbia Gas's tariff provisions related to the Commission's capacity release rules, so that Petitioners can complete their transaction in an orderly and efficient manner within their time constraints. In the event that the parties to the transaction change, Petitioners must make a public, informational filing in this docket as soon as possible.

9. Petitioners request that the Commission act on this joint petition no later than July 18, 2016, and that the waivers extend from the date that the Commission issues its order and continue until 90 days past the date of assignment of the FTS service agreement to follow the close of the transaction. We will allow the waivers to remain in effect until the earlier of 90 days following the date of assignment of the service agreements, or the date that the related capacity release transactions are completed. The

⁴ *E.g.*, *Petrohawk Energy Corp.*, 144 FERC ¶ 61,234 (2013); *Salmon Res. LTD*, 138 FERC ¶ 61,059 (2012); *Wis. Elec. Power Co.*, 131 FERC ¶ 61,104 (2010); *EnergyMark, LLC*, 130 FERC ¶ 61,059 (2010); *Sequent Energy Mgmt., L.P.*, 129 FERC ¶ 61,188 (2009); *Macquarie Cook Energy, LLC*, 126 FERC ¶ 61,160 (2009); *Bear Energy LP*, 123 FERC ¶ 61,219 (2008).

Petitioners must file an informational notice in this docket once the actual date of assignment has been established.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.