126 FERC ¶ 61,040
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Suedeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

In re Tenaska Marketing Ventures Tenaska Energy Services, LLC Tenaska Gas Co. Tenaska Gas Storage Tenaska Grimes, Inc. Tenaska Marketing, Inc. Tenaska Operations, Inc. Tenaska Storage Co.	Docket No. IN09-7-000
In re ONEOK, Inc. ONEOK Partners, L.P. ONEOK Energy Services Company, L.P. ONEOK Energy Marketing Company ONEOK Energy Services Canada, LTD ONEOK Field Services Company, L.L.C. ONEOK Midstream Gas Supply, L.L.C. Bear Paw Energy, L.L.C. Kansas Gas Service, a division of ONEOK, Inc.	Docket No. IN09-8-000
In re Klabzuba Oil & Gas, F.L.P.	Docket No. IN09-11-000
In re Jefferson Energy Trading, LLC Wizco, Inc. Golden Stone Resources, LLC	Docket No. IN09-12-000

ORDER APPROVING STIPULATION AND CONSENT AGREEMENTS

(Issued January 15, 2009)

1. The Commission approves the four attached Stipulation and Consent Agreements (Agreements) between the Office of Enforcement (Enforcement) and (1) Tenaska Marketing Ventures, LLC and its affiliates, Tenaska Energy Services LLC, Tenaska Gas

20090115-3085 FERC PDF (Unofficial) 01/15/2009

Co., Tenaska Marketing, Inc., Tenaska Storage Co., Tenaska Gas Storage, Tenaska Operations, Inc., and Tenaska Grimes, Inc. (together, Tenaska); (2) ONEOK Energy Services Company and its affiliates, ONEOK Energy Marketing Company, ONEOK Energy Services Canada, LTD, ONEOK Field Services Company, ONEOK Midstream Gas Supply, LLC, Bear Paw Energy, LLC, and Kansas Gas Service (together, ONEOK); (3) Klabzuba Oil & Gas, F.L.P. (Klabzuba); and (4) Jefferson Energy Trading Company, LLC (Jetco), Wizco, Inc. (Wizco), and Golden Stone Resources, LLC (Golden Stone).

2. This Order is in the public interest because it resolves Enforcement's investigations into whether bidding by Tenaska, ONEOK, Klabzuba, Jetco, Wizco, and Golden Stone in the March 2007 open season for natural gas transportation capacity on Cheyenne Plains Natural Gas Company, LLC (Cheyenne), violated 18 C.F.R. § 1c.1 (2008). In addition, the ONEOK Agreement resolves self-reported violations of open access transportation requirements.

3. In the four attached Stipulation and Consent Agreements, without admitting or denying violations of 18 C.F.R. § 1c.1, Tenaska, ONEOK, Klabzuba, Jetco, Wizco, and Golden Stone agree to submit to compliance reporting requirements, and to pay civil penalties and disgorgement in the following amounts:

Tenaska:
Civil Penalty: $3,000,000
Disgorgement: $1,972,842

ONEOK:
Civil Penalty: $4,500,000
Disgorgement: $1,914,495, plus interest

Klabzuba:
Civil Penalty: $300,000

Jetco, Wizco, and Golden Stone:
Civil Penalty: $585,000

Background

4. Cheyenne, a subsidiary of El Paso Corporation, is a 380-mile long, 36-inch natural gas pipeline extending from the Cheyenne Hub, near the Wyoming-Colorado border, to south-central Kansas, with a total certificated capacity of 780,000 Dth/d. Cheyenne is an interstate pipeline regulated under Part 284 of the Commission's regulations. The system serves markets in the Midwest with delivery interconnections with several mid-continent pipelines near Greensburg, Kansas. In March 2007, the difference between the price at which natural gas could be bought at the Cheyenne Wyoming receipt points and sold at

20090115-3085 FERC PDF (Unofficial) 01/15/2009

the Cheyenne Kansas delivery point significantly exceeded the transportation costs, which meant Cheyenne's capacity was valuable and in high demand.

5. On March 6, 2007, Cheyenne posted an open season notice for unsubscribed capacity available in the amounts of 70,000 Dth/d for April and October 2007, and 45,000 Dth/d for May and September 2007. The notice specified that Cheyenne would evaluate all open season bids based on the net present value (NPV) of the monthly reservation charges for each bid consistent with section 21.5 of the General Terms and Conditions of Cheyenne's FERC Gas Tariff. In the event there was not sufficient capacity to meet all winning bids, Cheyenne stated in its EBB posting that capacity would be allocated *pro rata* based on the maximum delivery quantity of the winning bids. The open season was a closed auction – that is, the bids and identities of the bidders were submitted under seal and only became known when Cheyenne posted the results of the open season on its EBB following the close of the open season on March 14, 2007.

6. On March 14, 2007, Cheyenne notified the open season bidders of the results: 48 entities bid the full quantities available at the maximum allowable rate and for the full term, and thus all bids were at the same NPV. Under Cheyenne's stated tie-breaker mechanism, 47 bidders each were awarded, on a *pro rata* basis (because all valued the capacity the same), $1/47^{th}$ (2.1 percent) of the total capacity made available in the open season, or 1,489 Dth/d for the April/October capacity and 957 Dth/d for the May/September capacity.[1]

7. Shortly after the close of the March 2007 Cheyenne open season, staff received several calls to the FERC Enforcement Hotline from winning bidders complaining that they had been defrauded. The complaints were that some bidders submitted multiple bids through affiliated companies in order to manipulate the *pro rata* allocation, that is, to obtain multiple shares of valuable capacity at the expense of market participants who submitted only a single bid. Enforcement staff conducted an investigation to ascertain all of the facts and circumstances surrounding the March 2007 open season and to determine whether any violation of the Commission's rules or regulations occurred, including 18 C.F.R. § 1c.1 (2008).

8. As announced in Order No. 670,[2] 18 C.F.R. § 1c.1 prohibits an entity from: (1) using a fraudulent device, scheme or artifice, or making a material misrepresentation, or engaging in any act, practice, or course of business that operates or would operate as a

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[1] One bidder had conditioned its bid on receiving a minimum quantity that was greater than its *pro rata* allocation and thus was not awarded capacity.

[2] *Prohibition of Energy Market Manipulation*, Order No. 670, FERC Stats. & Regs. ¶ 31,202 (2006).

20090115-3085 FERC PDF (Unofficial) 01/15/2009

fraud or deceit upon any entity; (2) with the requisite scienter; (3) in connection with the purchase or sale of natural gas subject to the jurisdiction of the Commission.

9. The facts uncovered during the investigation led Enforcement staff to conclude that some entities bid multiple affiliates with the intent to defeat Cheyenne's *pro rata* allocation mechanism in violation of 18 C.F.R. § 1c.1. Staff also concluded that other affiliated entities bid with no such intent, while others attempted to impair the *pro rata* allocation mechanism in violation of 18 C.F.R. § 1c.1.

10. Of the 47 "winning" bids, five different groups of entities accounted for 27 of the winning bids and obtained 57 percent of the capacity: (1) Tenaska bid for the Cheyenne open season capacity through eight affiliates, receiving 17 percent of the available capacity, and received a payment of $150,000 from Klabzuba, Jetco, Wizco, and Golden Stone, for, *inter alia*, providing information about, and bidding assistance for, the Cheyenne open season; (2) ONEOK bid through six affiliates, receiving 12.8 percent of the available capacity; (3) Seminole Energy Services, LLC and its affiliates (together, the Seminole entities) submitted five bids receiving 10.6 percent of the capacity; (4) National Fuel Marketing Company, LLC and its affiliates (together, the NFM entities) submitted four bids receiving 8.5 percent of the capacity; and (5) Klabzuba, Jetco, Wizco, and Golden Stone each submitted bids with Jetco acting as their agent, each obtaining 2.1 percent of the capacity. Put another way, 20 percent of the bidders secured over 50 percent of the capacity awarded by means of their multiple-affiliate bidding. Based on all the facts and circumstances, Enforcement staff concluded that Tenaska, ONEOK, Seminole, and NFM violated 18 C.F.R. §1c.1 in connection with their conduct in the Cheyenne open season. Enforcement staff concluded that Klabzuba, Jetco, Wizco, and Golden Stone violated 18 C.F.R. §1c.1 in connection with their attempt to manipulate the open season.

11. Tenaska, ONEOK, Klabzuba, and Jetco, Wizco, and Golden Stone, have agreed to settle; the Seminole entities and the NFM entities have not and, in an order issued contemporaneously herewith, are ordered to show cause why they did not violate 18 C.F.R. § 1c.1 and the Commission's prohibition on buy-sell arrangements or the Commission's "shipper-must-have-title" requirement, respectively, in connection with their bidding for, and transactions related to, the capacity offered by Cheyenne in the March 2007 open season.

Stipulation and Consent Agreements

Tenaska

12. Tenaska Marketing Ventures (TMV) is a large gas marketer in North America. On March 13, 2007, TMV submitted bids on behalf of itself and seven Tenaska affiliates (together, Tenaska) for all of the available capacity, for the entire term, and at the maximum Cheyenne FERC Gas Tariff rate.

20090115-3085 FERC PDF (Unofficial) 01/15/2009

13. Between March 6, 2007 and March 13, 2007, Tenaska employees and senior management communicated about the means and manner in which Tenaska would and did bid in the Cheyenne open season, including but not limited to discussions about the *pro rata* allocation mechanism employed by Cheyenne to allocate capacity, the number of affiliates Tenaska would bid in the open season, and the pre-arrangement of releases of the capacity awarded to the various Tenaska affiliates to TMV. Tenaska also engaged in substantially the same conduct in two other interstate pipeline open seasons on Colorado Interstate Gas Company (CIG) and Northern Natural Gas Company (Northern Natural). In each open season, the Tenaska affiliates pre-arranged releases of all of the acquired capacity to TMV.

14. Enforcement concluded that Tenaska violated 18 C.F.R. § 1c.1 in connection with its submission of multiple-affiliate bids to impair the *pro rata* capacity allocation mechanisms employed by Cheyenne, CIG and Northern Natural.

15. The attached Agreement resolves Enforcement's investigation of Tenaska's bidding on Cheyenne, CIG, and Northern Natural. Tenaska admits submitting multiple bids but neither admits nor denies that such conduct violates 18 C.F.R. § 1c.1. The Agreement requires Tenaska to pay a $3,000,000 civil penalty to the United States Treasury within ten days of this Order accepting and approving the Agreement. Tenaska will also disgorge $1,972,842 related to the Cheyenne open season bidding and will be subject to a compliance reporting requirement.

16. The civil penalty in this case takes into account several factors, including Tenaska's exemplary cooperation with Enforcement's investigation, the involvement of Tenaska senior management in the transactions, and the risk that a higher civil penalty could jeopardize TMV's continued financial viability by its actual and potential effects on counterparties and lenders.

ONEOK

17. ONEOK engages in the gathering, processing, storage, and transportation of natural gas in the United States. Kansas Gas Service (KGS) is a division of ONEOK, Inc., that provides natural gas distribution services in Kansas.

18. On March 13, 2007, six ONEOK companies submitted bids to Cheyenne for all of the available capacity, for the entire term, and at the maximum Cheyenne FERC Gas Tariff rate. The six ONEOK entities were each awarded *pro rata* allocations of the available capacity and, upon the award, five of the ONEOK companies released all of the Cheyenne open season capacity awarded to them to ONEOK Energy Services.

19. Between March 6, 2007 and March 13, 2007, ONEOK employees communicated with each other and with Cheyenne representatives about the means and manner in which ONEOK would and did bid in the Cheyenne open season, including but not limited to

20090115-3085 FERC PDF (Unofficial) 01/15/2009

discussions about the *pro rata* allocation mechanism employed by Cheyenne to allocate capacity, the number of affiliates ONEOK would bid in the open season, and the pre-arrangement of releases of the capacity awarded to the various ONEOK affiliates to ONEOK Energy Services Company.

20. Apart from staff's investigation of ONEOK's bidding on Cheyenne, ONEOK self-reported that ONEOK Energy Services, ONEOK Energy Marketing, Bear Paw, ONEOK Midstream Gas Supply, and ONEOK Field Services participated in numerous transactions that involved "shipper-must-have-title" requirement violations. From January 2005 through March 2008, these ONEOK affiliates transported a total of 50.6 Bcf of gas owned by ONEOK using capacity held by other parties, including 23.2 Bcf of gas that was transported on pipeline capacity held by a different ONEOK affiliate, and 27.4 Bcf of gas that was transported on pipeline capacity held by unaffiliated companies. These transactions occurred on seven interstate pipelines. In addition, between January 2005 and March 2007, ONEOK Energy Services and ONEOK Field Services participated in buy/sell transactions that resulted in the transportation of 2.1 Bcf of gas.

21. KGS separately self-reported that it violated the "shipper-must-have-title" requirement during various months in 2005 and 2006, as KGS permitted unaffiliated companies to ship 22 Bcf owned by those companies on KGS's capacity rights. That is, KGS did not release the capacity to the other companies. In addition, KGS received payments for the use of its capacity that exceeded the applicable pipeline maximum rates.

22. Enforcement concluded that ONEOK violated 18 C.F.R. § 1c.1 in connection with its submission of multiple-affiliate bids to impair the *pro rata* allocation mechanism employed by Cheyenne. Enforcement also confirmed the self-reported violations of open access transportation requirements.

23. The attached Agreement resolves Enforcement's investigation of ONEOK's bidding on Cheyenne as well as the self-reported open access transportation violations. ONEOK admits submitting multiple bids but neither admits or denies that such conduct violates 18 C.F.R. § 1c.1, and ONEOK and KGS admit the self-reported open access transportation violations. The Agreement requires ONEOK to pay a $4,500,000 civil penalty to the United States Treasury within ten days of this Order accepting and approving the Agreement. ONEOK will also disgorge $787,331, plus interest, related to the Cheyenne open season bidding, disgorge $1,127,164, plus interest, related to the open access transportation transactions, and will be subject to a compliance reporting requirement.

24. The civil penalty in this case takes into account several factors, including ONEOK's exemplary cooperation with Enforcement's investigations, the fact that senior management was not involved in the transactions, and ONEOK's self-reporting and prompt corrective action to address its capacity release violations.

20090115-3085 FERC PDF (Unofficial) 01/15/2009

Klabzuba

25. Klabzuba is a privately-held entity engaged in the exploration and production of oil and natural gas in the Rockies. Since 2000, Klabzuba has engaged its affiliate, Jetco, to manage its midstream assets, as well as to provide other consulting, marketing, and asset management services.

26. On March 8, 2007, a representative of TMV called Golden Stone. Although not affiliated with Klabzuba or Jetco, Golden Stone maintains a close relationship with both. In that call, TMV informed Golden Stone that Cheyenne would be holding an open season and would allocate the capacity *pro rata* to all winning bidders. TMV solicited Golden Stone to join with Tenaska in planning multiple-entity bids for the Cheyenne open season capacity. TMV encouraged Golden Stone to find other entities to join in its plan to submit multiple bids. If they agreed, TMV proposed an arrangement where it would split the profits evenly with Golden Stone and the other bidding entities via an asset management agreement where Tenaska would act not only as agent to nominate the capacity but also as agent to buy and sell the gas to be transported on the Cheyenne capacity. Golden Stone informed Klabzuba, Jetco, and an affiliate of Jetco, Wizco, of Tenaska's proposed asset management agreement. Klabzuba agreed to join in the TMV plan.

27. Klabzuba, Jetco, Wizco, and Golden Stone did not execute an asset management agreement with Tenaska as originally planned. Instead, Klabzuba, Wizco, and Golden Stone employed Jetco as their agent and submitted independent bids on March 13, 2007. Klabzuba's bid was successful and it received a *pro rata* allocation equal to 2.1 percent of the total available capacity. As is mentioned below, Jetco, Wizco, and Golden Stone were also each awarded capacity equal to 1/47th (2.1 percent) of the total available capacity.

28. Enforcement concluded that Klabzuba violated 18 C.F.R. § 1c.1 in connection with its attempt, via the contemplated asset management agreement, to join Tenaska's plan to engage in multiple-entity bidding to impair the *pro rata* allocation mechanism employed by Cheyenne.

29. The attached Agreement resolves Enforcement's investigation of Klabzuba's bidding on Cheyenne. Klabzuba admits it planned to join Tenaska's multiple-entity bidding but neither admits nor denies that such conduct violates 18 C.F.R. § 1c.1. The Agreement requires Klabzuba to pay a $300,000 civil penalty to the United States Treasury within ten days of this Order accepting and approving the Agreement. Klabzuba will also be subject to a compliance reporting requirement.

30. The civil penalty in this case takes into account several factors, including Enforcement's conclusion that Klabzuba's conduct constituted an attempt to manipulate

20090115-3085 FERC PDF (Unofficial) 01/15/2009

the Cheyenne open season. As its plan to engage in multiple-entity bidding with Tenaska was not consummated, Klabzuba did not harm other market participants.

Jetco, Wizco, and Golden Stone

31. Like Klabzuba, Jetco, Wizco, and Golden Stone initially planned to join Tenaska's multiple-entity bidding, but ultimately did not. Instead, with Jetco as their agent, the three companies submitted separate bids on March 13, 2007. The bids of Jetco, Wizco, and Golden Stone were successful and each received a *pro rata* allocation equal to 1/47th (2.1 percent) of the total available capacity. Jetco, for itself and on behalf of Klabzuba, Wizco, and Golden Stone, paid Tenaska $150,000 for deal information and bidding assistance after it learned it was among the "winning" bidders.

32. Enforcement concluded that Jetco, Wizco, and Golden Stone violated 18 C.F.R. § 1c.1 in connection with their attempt, via the contemplated asset management agreement, to join Tenaska's plan to engage in multiple-entity bidding to impair the *pro rata* allocation mechanism.

33. The attached Agreement resolves Enforcement's investigation of Jetco's, Wizco's, and Golden Stone's bidding on Cheyenne. Jetco, Wizco, Golden Stone admit they planned to join Tenaska's multiple-entity bidding but neither admit nor deny that such conduct violates 18 C.F.R. § 1c.1. The Agreement requires Jetco, Wizco, Golden Stone to pay a $585,000 civil penalty to the United States Treasury within ten days of this Order accepting and approving the Agreement. Jetco, Wizco, Golden Stone will also be subject to a compliance reporting requirement.

34. The civil penalty in this case takes into account several factors, including Enforcement's conclusion that the bidding of Jetco, Wizco, and Golden Stone constituted an attempt to manipulate the Cheyenne March 2007 open season. As their plan to engage in multiple-entity bidding with Tenaska was not consummated, Jetco, Wizco, and Golden Stone did not harm other market participants.

Determination of the Appropriate Sanctions and Remedies

35. We conclude that the penalties set forth in the Agreements are fair and equitable resolutions of these matters and are in the public interest, as they reflect the nature and seriousness regarding Enforcement's conclusions concerning the conduct of Tenaska, ONEOK, Klabzuba, Jetco, Wizco, and Golden Stone while recognizing, where appropriate, exemplary cooperation with Enforcement's investigations and other company-specific considerations as stated above and in the attached Agreements. We also conclude that the disgorgement and compliance reporting requirements set forth in the Agreements are fair and in the public interest.

20090115-3085 FERC PDF (Unofficial) 01/15/2009

The Commission orders:

The attached Stipulation and Consent Agreements are hereby approved without modification.

By the Commission. Commissioner Moeller dissenting with a separate a statement attached.

(S E A L) Commissioner Spitzer dissenting with a separate statement to be issued at a later date.

Kimberly D. Bose,
Secretary.

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

In re Tenaska Marketing Ventures	)	
Tenaska Energy Services, LLC	)	
Tenaska Gas Co.	)	
Tenaska Gas Storage	)	Docket No. IN09-7-000
Tenaska Grimes, Inc.	)	
Tenaska Marketing, Inc.	)	
Tenaska Operations, Inc.	)	
Tenaska Storage Co.	)	

STIPULATION AND CONSENT AGREEMENT

I. INTRODUCTION

1. The staff of the Office of Enforcement (Enforcement) of the Federal Energy Regulatory Commission (Commission) and Tenaska Marketing Ventures and its affiliates named below (together, Tenaska) enter into this Stipulation and Consent Agreement (Agreement) to resolve an investigation pursuant to Part 1b of the Commission's regulations, 18 C.F.R. Part 1b (2008), into whether Tenaska violated 18 C.F.R. § 1c.1 (2008) in connection with its bidding for interstate natural gas pipeline transportation capacity in open seasons on Cheyenne Plains Gas Pipeline Company, L.L.C. (Cheyenne), Colorado Interstate Gas Company (CIG), and Northern Natural Gas Company (Northern Natural).

II. STIPULATED FACTS

Enforcement and Tenaska hereby stipulate and agree to the following:

2. Tenaska is a privately held company engaged in a variety of activities in the energy industry, including power plant development, energy marketing, energy risk management, fuel procurement, energy asset management, gas transportation, and electric transmission. Tenaska Marketing Ventures (TMV), which is 50 percent owned by AIG Financial Products Corp., is a large gas marketer in North America. TMV is affiliated with Tenaska Energy Services LLC, Tenaska Gas Co., Tenaska Marketing, Inc., Tenaska Storage Co., Tenaska Gas Storage, Tenaska Operations, Inc., and, Tenaska Grimes, Inc.

3. Cheyenne, a subsidiary of El Paso Corporation, is a 380-mile long, 36-inch natural gas pipeline extending from the Cheyenne Hub, near the Wyoming-Colorado border, to south-central Kansas, with a total certificated capacity of 780,000 Dth/d. Cheyenne is an interstate pipeline regulated under Part 284 of the Commission's regulations. The system serves markets in the Midwest with delivery interconnections with several mid-continent pipelines near Greensburg, Kansas. In March 2007, the difference between the price at which natural gas could be bought at the Cheyenne Wyoming receipt points and sold at the Cheyenne Kansas delivery point significantly exceeded the transportation costs, which meant Cheyenne's capacity was valuable and in high demand.

4. On March 6, 2007, Cheyenne posted a notice of the open season on its electronic bulletin board (EBB) for unsubscribed, seasonal capacity available in the amounts of 70,000 Dth/d for April and October 2007, and 45,000 Dth/d for May and September 2007. The notice specified that all Cheyenne receipt points from the Cheyenne Hub were available with the exception of Red Cloud. The notice also specified that all Cheyenne delivery points into ANR, NGPL, NNG, and PEPL were available. There was no capacity available between June and August 2007. Cheyenne's posting instructed interested parties to bid by March 13, 2007, and stated that Cheyenne would evaluate all open season bids based on the net present value (NPV) of the monthly reservation charges for each bid consistent with section 21.5 of the General Terms and Conditions of Cheyenne's FERC Gas Tariff. In the event there was not sufficient capacity to meet all winning bids, Cheyenne stated in its EBB posting that capacity would be allocated *pro rata* based on the maximum delivery quantity of the winning bids. The notice also required that the shipper provide evidence of creditworthiness as required by Cheyenne's FERC Gas Tariff.

5. Between March 6, 2007 and March 13, 2007, Tenaska employees and senior management communicated about the means and manner in which Tenaska would and did bid in the Cheyenne open season, including but not limited to discussions about the *pro rata* allocation mechanism employed by Cheyenne to allocate capacity, the number of affiliates Tenaska would bid in the open season, the pre-arrangement of releases of the capacity awarded to the various Tenaska affiliates to TMV. In these and others discussions, Tenaska sought the advice of counsel.

6. TMV brought the March 2007 Cheyenne open season to the attention of four privately-held entities: Golden Stone Resources, LLC (Golden Stone), Jefferson Energy Trading Company, LLC (Jetco), Wizco, Inc. (Wizco), and Klabzuba Oil & Gas, FLP (Klabzuba), with whom it had a pre-existing commercial relationship. Klabzuba, Wizco, and Golden Stone employed Jetco as their agent and each submitted bids. Jetco, as agent for Klabzuba, Wizco, and Golden Stone, paid Tenaska $150,000 for, *inter alia*, deal information and bidding assistance.

7. On March 13, 2007, TMV submitted bids on behalf of itself and seven Tenaska affiliates: (1) Tenaska Energy Services LLC, (2) Tenaska Gas Co., (3) Tenaska Marketing, Inc., (4) Tenaska Storage Co., (5) Tenaska Gas Storage, (6) Tenaska Operations, Inc., and, (7) Tenaska Grimes, Inc.

8. On March 14, 2007, Cheyenne notified Tenaska that its eight affiliates were "winning" bidders. The results of the open season showed that Cheyenne received 47 winning bids. Each of these winning bidders submitted a bid at the highest allowable NPV, that is, for all of the available capacity, throughout the entire term, and at the maximum Cheyenne FERC Gas Tariff rate. Using the *pro rata* allocation mechanism specified in the notice of the open season, Cheyenne allocated each winning bidder 1,489 Dth/d for the April/October capacity and 957 Dth/d for the May/September capacity, which amounts to 1/47th or 2.1 percent of the total available capacity.

9. Tenaska Energy Services LLC, Tenaska Gas Co., Tenaska Marketing, Inc., Tenaska Storage Co., Tenaska Gas Storage, Tenaska Operations, Inc., and, Tenaska Grimes, Inc. released all of the March 2007 Cheyenne open season capacity awarded to them to TMV. These pre-arranged releases were completed on March 29, 2007. TMV transported gas using these eight shares of the awarded capacity, representing 17 percent of the total available capacity.

10. Following the March 2007 Cheyenne open season, Enforcement instituted an investigation to determine whether any entity or entities violated 18 C.F.R. § 1c.1 in connection with multiple-affiliate bids for Cheyenne's interstate pipeline transportation capacity. Tenaska's cooperation with the investigation was exemplary. Based on the above facts, although Tenaska did not violate Cheyenne's FERC Gas Tariff, Enforcement concluded that Tenaska violated 18 C.F.R. § 1c.1 in connection with its submission of multiple-affiliate bids to impair the *pro rata* allocation mechanism employed by Cheyenne to allocate capacity awarded in the open season it held on March 13, 2007.

11. As part of staff's investigation into Tenaska's bidding in the Cheyenne open season, staff discovered that Tenaska engaged in substantially the same conduct on other interstate pipelines. Specifically, four Tenaska entities, (1) Tenaska Gas Storage, (2) Tenaska Marketing Ventures or TMV, (3) Tenaska Operations, Inc., and (4) Tenaska Grimes, Inc. bid and were awarded a *pro rata* allocation in the Northern Natural East Leg open season for summer capacity 2007/2008, which ended on December 13, 2006. As with Cheyenne, the TMV affiliates released their capacity to TMV upon award. TMV transported gas using these four shares of the awarded capacity, representing 36 percent of the total available capacity. Tenaska also engaged in this type of conduct in an open season held on CIG in June 2007 when it bid two affiliates, Tenaska Gas Storage and TMV, and both were awarded *pro rata* share of the capacity. Here too, Tenaska pre-arranged for Tenaska Gas Storage to release its capacity on CIG to TMV. TMV transported gas using these two shares of the awarded capacity, representing 10 percent

of the total available capacity. Based on the above facts, although Tenaska did not violate the pipelines' FERC Gas Tariffs, Enforcement concluded that Tenaska violated 18 C.F.R. § 1c.1 in connection with its submission of multiple-affiliate bids to impair the *pro rata* allocation mechanisms employed by Northern Natural and CIG to allocate capacity awarded in those open seasons.

12. In arriving at the monetary remedy and civil penalty in this case (*see* paragraph 13), staff considered the factors set forth in the Revised Policy Statement on Enforcement, 123 FERC ¶ 61,156 (2008), including the risk that a higher penalty could jeopardize TMV's continued financial viability by its actual and potential effects on counterparties and lenders. The monetary remedy and civil penalty provided for in this Agreement will not impair TMV's ability to continue its business.

III. REMEDIES AND SANCTIONS

13. Tenaska agrees with the facts as stipulated, but neither admits nor denies that they constitute a violation of 18 C.F.R. § 1c.1. Nonetheless, in view of the costs and risks of litigation, and in the interest of resolving any dispute between Enforcement and Tenaska without further proceedings, Tenaska agrees to undertake the obligations set forth in this agreement. This Agreement does not constitute an admission of liability by Tenaska to any third party. Neither the stipulated facts nor the existence of this settlement agreement constitute an admission by Tenaska that its conduct unfairly or inappropriately impacted any third party. Moreover, the parties hereto agree that this settlement does not constitute evidence of, and should be given no weight with regard to, any question or issue other than the decision by Enforcement and Tenaska to settle their disagreement related to the issues addressed herein.

14. Tenaska shall pay a civil penalty of $3,000,000 to the United States Treasury, by wire transfer, within ten days after the Effective Date of this Agreement, as defined below.

15. Within 30 days of the Effective Date of this Agreement, Tenaska shall disgorge:

(a) the profits it earned from the March 2007 Cheyenne open season in the total amount of $1,128,108, which is to be distributed *pro rata* to other March 2007 Cheyenne open season winning bidders specified in Appendix A;

(b) the profits it earned from the December 2006 Northern Natural open season in the total amount of $389,734, which is to be distributed *pro rata* to other December 2006 Northern Natural open season winning bidders specified in Appendix B; and

(c) the profits it earned from the June 2007 CIG open season in the total

amount of $455,000, which is to be distributed *pro rata* to other June 2007 CIG open season winning bidders specified in Appendix C.

Tenaska may make the payments to the entities identified in Appendixes A, B, and C, by check or wire transfer.

16. Tenaska will implement compliance reporting for a period of one year from the Effective Date of this Agreement whereby Tenaska will certify in writing to Enforcement within 48 hours of submitting a bid in an open season for interstate natural gas pipeline capacity that it transacted in compliance with all applicable Commission rules and regulations.

17. Tenaska consents to the use of Enforcement's conclusions set forth in paragraph numbers 10 and 11 of this Agreement for the purpose of assessing the factors in any future matter, including the factor of determining the company's history of violations, that are set forth in the *Revised Policy Statement on Enforcement*, 123 FERC ¶ 61,156 (2008), or that may be set forth in any successor policy statement or order. This Agreement shall have no precedential effect except as set forth in the first sentence of this paragraph. Such use may be in any other proceeding before the Commission or to which the Commission is a party; provided however that Tenaska does not consent to the use of the specific facts set forth in this Agreement as the sole basis for any other proceeding brought by the Commission, nor does Tenaska consent to the use of this Agreement by any other party in any other proceeding.

IV. TERMS

18. The "Effective Date" of this Agreement shall be the date on which the Commission issues an order approving this Agreement in its entirety and without material modification. When effective, this Agreement shall resolve the matter specifically addressed herein as to Tenaska, its agents, officers, directors and employees, both past and present, and any successor in interest to Tenaska.

19. Commission approval of this Agreement in its entirety and without material modification shall release Tenaska and forever bar the Commission from holding Tenaska, its agents, officers, directors and employees liable for any and all administrative, civil claims arising out of, related to, or connected with the investigation addressed in this Agreement.

20. Failure to make a timely civil penalty payment or to comply with the compliance report agreed to herein, or any other provision of this Agreement, shall be deemed a violation of a final order of the Commission issued pursuant to the Natural Gas Act (NGA), 15 U.S.C. 717, *et seq.* and may subject Tenaska to additional action under the enforcement and penalty provisions of the NGA.

21. If Tenaska does not make the civil penalty payment above at the time agreed by the parties, interest payable to the United States Treasury will begin to accrue pursuant to the Commission's regulations at 18 C.F.R. § 154.501(d) from the date that payment is due, in addition to the penalty specified above.

22. The Agreement binds Tenaska and its agents, successors, and assigns. The Agreement does not create any additional or independent obligations on Tenaska, or any of its officers, directors, or employees, other than the obligations identified in Section III of this Agreement.

23. The signatories to this Agreement agree that they enter into the Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise of any kind by any member, employee, officer, director, agent or representative of Enforcement or Tenaska has been made to induce the signatories or any other party to enter into the Agreement.

24. Unless the Commission issues an order approving the Agreement in its entirety and without material modification, the Agreement shall be null and void and of no effect whatsoever, and neither Enforcement nor Tenaska shall be bound by any provision or term of the Agreement, unless otherwise agreed to in writing by Enforcement and Tenaska.

25. In connection with the payment of the civil penalty provided for herein, Tenaska agrees that the Commission's order approving the Agreement without material modification shall be a final and unappealable order assessing a civil penalty under section 22(a) of the NGA, 15 U.S.C. § 717t-1(a). Tenaska waives findings of fact and conclusions of law, rehearing of any Commission order approving the Agreement without material modification, and judicial review by any court of any Commission order approving the Agreement without material modification.

26. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity and accepts the Agreement on the entity's behalf.

27. The undersigned representative of Tenaska affirms that he has read the Agreement, that all of the matters set forth in the Agreement are true and correct to the best of his knowledge, information and belief, and that he understands that the Agreement is entered into by Enforcement in express reliance on those representations.

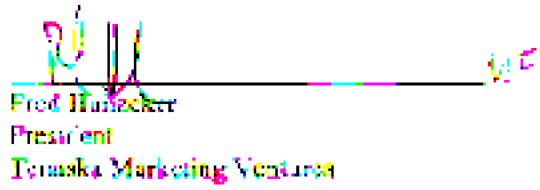
28. This Agreement is executed in duplicate, each of which so executed shall be deemed to be an original. The Agreement may be signed in counterparts.

20090115-3085 FERC PDF (Unofficial) 01/15/2009

Agreed to and Accepted:

Susan J. Court
Director
Office of Enforcement
Federal Energy Regulatory Commission

Date



Fred Hunzeker
President
Tenaska Marketing Ventures

Date

Appendix A

Anadarko Energy Services Company
BP Energy Company
Concord Energy, LLC
ConocoPhillips Company
Constellation Energy Commodities Group, Inc.
Constellation New Energy Gas Division, LLC
Devlar Energy Marketing, LLC
Enserco Energy, Inc.
Fortis Energy Marketing & Trading, GP
Kennedy Oil
Lakeshore Energy Services, LLC
Lario Oil and Gas Company
Louis Dreyfus Energy Services
Macquarie Cook Energy, LLC
National Fuel Marketing Company, LLC
Nexen Marketing USA, Inc.
NFM Midstream, LLC
NFM Texas Gathering, LLC
NFM Texas Pipeline, LLC
NGTS, LP
Occidental Energy Marketing, Inc.
Odyssey Energy Services, LLC
Seminole Energy Services, LLC
Seminole Gas Company, LLC
Seminole High Plains, LLC
Sempra Energy Trading Corp.
United Energy Trading, LLC
Vanguard Energy Services, LLC
Williams Power Companies, Inc.

20090115-3085 FERC PDF (Unofficial) 01/15/2009

Appendix B

Fortis Energy Marketing & Trading GP
Constellation Energy Commodity Group
BP Canada Energy Marketing Corp
Constellation New Energy Gas Division LLC
Conoco Phillips Company
Spark Energy Gas, LP (f/k/a Utility Resource Solutions)
Macquarie Cook Energy

20090115-3085 FERC PDF (Unofficial) 01/15/2009

Appendix C

Anadarko Energy Services Company
BP Energy Company
Devlar Energy Marketing, LLC
Koch Supply & Trading LLP
Lario Oil and Gas Company
Louis Dreyfus Energy Services
Macquarie Cook Energy, LLC
Moncrief Oil International
Moncrief CB
Moncrief Partners L P
Moncrief TOM 1967 Trust
Moncrief W A III Trust
Moncrief W A JR
National Fuel Marketing Company LLC
NFM Midstream LLC
PPM Energy, Inc.
Sempra Energy Trading Corp.
Sequent Energy Management, LP

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

In re ONEOK, Inc.	)	
ONEOK Partners, L.P.	)	
ONEOK Energy Services Company, L.P.	)	
ONEOK Energy Marketing Company	)	
ONEOK Energy Services Canada, LTD	)	Docket No. IN09-8-000
ONEOK Field Services Company, L.L.C.	)	
ONEOK Midstream Gas Supply, L.L.C.	)	
Bear Paw Energy, L.L.C.	)	
Kansas Gas Service, a division of ONEOK, Inc.	)	

STIPULATION AND CONSENT AGREEMENT

I. INTRODUCTION

1. The staff of the Office of Enforcement (Enforcement) of the Federal Energy Regulatory Commission (Commission) and ONEOK, Inc., ONEOK Partners, L.P. (ONEOK Partners), and their divisions, subsidiaries, and affiliates (together, ONEOK) enter into this Stipulation and Consent Agreement (Agreement) to resolve investigations pursuant to Part 1b of the Commission's regulations, 18 C.F.R. Part 1b (2008), into (1) whether ONEOK violated 18 C.F.R. § 1c.1 (2008) in connection with its bidding for interstate natural gas pipeline transportation capacity in an open season on Cheyenne Plains Gas Pipeline Company, L.L.C. (Cheyenne), held on March 13, 2007, and (2) whether ONEOK violated aspects of the Commission's open access pipeline transportation requirements, including violations of the shipper-must-have-title (SMHT) requirement, alternating releases of discounted capacity to affiliates (flipping transactions), and buy/sell transactions.

II. STIPULATED FACTS

Enforcement and ONEOK hereby stipulate and agree to the following:

2. ONEOK, Inc., through a subsidiary, is the general partner and owner of 47.7 percent of ONEOK Partners, a publicly traded master limited partnership engaged in the gathering, processing, storage, and transportation of natural gas in the United States. ONEOK also owns companies that provide marketing and energy services and its three operating divisions are local distribution companies. Kansas Gas Service (KGS), a division of ONEOK, Inc., provides natural gas distribution services in Kansas.

A. Cheyenne Open Season Bidding

3. Cheyenne, a subsidiary of El Paso Corporation, is a 380-mile long, 36-inch natural gas pipeline extending from the Cheyenne Hub, near the Wyoming-Colorado border, to south-central Kansas, with a total certificated capacity of 780,000 Dth/d. Cheyenne is an interstate pipeline regulated under Part 284 of the Commission's regulations. The Cheyenne system serves markets in the Midwest using delivery interconnections with several mid-continent pipelines near Greensburg, Kansas. In March 2007, the difference between the price at which natural gas could be bought at the Cheyenne Wyoming receipt points and sold at the Cheyenne Kansas delivery point significantly exceeded the transportation costs, which meant Cheyenne's capacity was valuable and in high demand.

4. On March 6, 2007, Cheyenne posted a notice of the open season on its electronic bulletin board (EBB) for unsubscribed, seasonal capacity available in the amounts of 70,000 Dth/d for April and October 2007, and 45,000 Dth/d for May and September 2007. The notice specified that all Cheyenne receipt points from the Cheyenne Hub were available with the exception of Red Cloud. The notice also specified that all Cheyenne delivery points into ANR, NGPL, NNG, and PEPL were available. There was no capacity available between June and August 2007. Cheyenne's posting instructed interested parties to bid by March 13, 2007, and stated that Cheyenne would evaluate all open season bids based on the net present value (NPV) of the monthly reservation charges for each bid consistent with section 21.5 of the General Terms and Conditions of Cheyenne's FERC Gas Tariff. In the event there was not sufficient capacity to meet all winning bids, Cheyenne stated in its EBB posting that capacity would be allocated *pro rata* based on the maximum delivery quantity of the winning bids. The notice also required that the shipper provide evidence of creditworthiness as required by Cheyenne's FERC Gas Tariff. Neither the notice nor the Cheyenne tariff restricted the submission of bids by affiliated companies.

5. Between March 6, 2007 and March 13, 2007, ONEOK employees communicated with each other and with Cheyenne representatives about the means and manner in which ONEOK would and did bid in the Cheyenne open season, including but not limited to discussions about the *pro rata* allocation mechanism employed by Cheyenne to allocate capacity, the number of affiliates ONEOK would bid in the open season, and the pre-arrangement of releases of the capacity awarded to the various ONEOK affiliates to ONEOK Energy Services Company.

6. On March 13, 2007, six ONEOK companies submitted bids for all of the available capacity, for the entire term, and at the maximum Cheyenne FERC Gas Tariff rate. The ONEOK companies submitting bids were: ONEOK Energy Services Company, L.P., ONEOK Energy Marketing Company; ONEOK Energy Services

Canada, LTD; ONEOK Field Services Company, L.L.C.; ONEOK Midstream Gas Supply, L.L.C.; and, Bear Paw Energy, L.L.C.

7. The results of the open season showed that Cheyenne received 47 "winning" bids. Each of these winning bidders submitted a bid at the highest allowable NPV of the monthly reservation charges, that is, for all of the available capacity, throughout the entire term, and at the maximum Cheyenne FERC Gas Tariff rate. Using the *pro rata* allocation mechanism specified in the notice of the open season, Cheyenne allocated each winning bidder 1,489 Dth/d for the April/October capacity and 957 Dth/d for the May/September capacity, which amounts to 1/47th or 2.1 percent of the total available capacity. On March 14, 2007, Cheyenne notified the six ONEOK companies that they were winning bidders.

8. ONEOK Energy Marketing Company, ONEOK Energy Services Canada, ONEOK Field Services Company, ONEOK Midstream Gas Supply, and Bear Paw Energy released all of the Cheyenne open season capacity awarded to them to ONEOK Energy Services. These pre-arranged releases were completed in March 2007, and ONEOK transported gas using these six shares of the awarded capacity, representing 12.8 percent of the total available capacity.

9. Following the March 2007 Cheyenne open season, Enforcement instituted an investigation to determine whether any entity or entities violated 18 C.F.R. § 1c.1 in connection with multiple-affiliate bids for Cheyenne's interstate pipeline transportation capacity. Based on the above facts, although ONEOK did not violate Cheyenne's FERC Gas Tariff, Enforcement concluded that ONEOK violated 18 C.F.R. § 1c.1 in connection with its submission of multiple-affiliate bids to defeat the *pro rata* allocation mechanism employed by Cheyenne to allocate capacity awarded in the open season it held on March 13, 2007.

10. With respect to the Cheyenne open season bidding, ONEOK agrees with the facts as stipulated in paragraphs 2 through 8, but neither admits nor denies that they constitute a violation of 18 C.F.R. § 1c.1. Nonetheless, in view of the costs and risks of litigation, and in the interest of resolving any dispute between Enforcement and ONEOK without further proceedings, ONEOK agrees to undertake the obligations set forth in this Agreement. This Agreement does not constitute an admission of liability by ONEOK to any third party. Neither the stipulated facts nor the existence of this settlement Agreement constitute an admission by ONEOK that its conduct unfairly or inappropriately affected any third party. Moreover, the parties hereto agree that this settlement does not constitute evidence of, and should be given no weight with regard to, any question or issue other than the decision by Enforcement and ONEOK to settle their disagreement related to the issues addressed herein.

B. Pipeline Transportation Violations

11. On October 26, 2007, KGS self-reported potential violations of the SMHT requirement and maximum rate limitations on the resale of pipeline capacity. Subsequently, on March 19, 2008, ONEOK Inc. and ONEOK Partners, on their own behalf and on behalf of their divisions, affiliates and subsidiaries, self-reported certain flipping, SMHT, and buy/sell violations. The two reports are referred to collectively herein as "the Self-Reports." Staff opened an investigation into the Self-Reports and confirmed that (1) KGS permitted two other entities with which it had agency agreements to utilize 22 Bcf of KGS capacity without KGS having released that capacity, and that KGS was paid more than the maximum pipeline tariff rate for the use of its capacity; (2) ONEOK Energy Services and ONEOK Energy Marketing obtained capacity used to transport 8.2 Bcf of gas through a flipping transaction; (3) ONEOK Energy Services, ONEOK Energy Marketing, Bear Paw, ONEOK Midstream Gas Supply, and ONEOK Field Services transported approximately 50.6 Bcf of gas in violation of the SMHT requirement; and (4) ONEOK Energy Services and ONEOK Field Services participated in a buy/sell transaction involving the transportation of 2.1 Bcf. The primary reason the violations occurred was that ONEOK's employees had an inadequate and insufficient understanding of the Commission's requirements for such transactions.

12. The Commission's regulations at 18 C.F.R. § 284.8 (2008) require that a shipper releasing firm capacity for a term longer than 31 days and at a price less than the maximum tariff rate must post the capacity for competitive bidding on the pipeline's EBB. The regulations also provide that a discounted release for 31 days or less is exempt from the competitive bidding requirement, but must be posted for informational purposes within 48 hours of the release. Under 18 C.F.R. § 284.8(h)(2), a discounted, short-term release may not be rolled-over, extended, or in any way continued without complying with the posting and bidding requirements.

13. ONEOK obtained 8.2 Bcf of capacity on a non-competitive basis on Panhandle Eastern Pipe Line Company (Panhandle Eastern) through two agreements in which a capacity holder on Panhandle Eastern released capacity to ONEOK Energy Services and ONEOK Marketing Company in alternating months from August 2005 through March 2006 and from April 2007 through October 2007. In addition, in the months that capacity was released to ONEOK Marketing Company the capacity was used to transport gas owned by ONEOK Energy Services, resulting in a SMHT violation.

14. A central requirement of the Commission's open access pipeline transportation program is that all shippers must have title to the gas at the time the gas is tendered to the pipeline or storage operator and while it is being transported or held in storage. Interstate pipeline tariffs include provisions requiring shippers to warrant good title to the gas tendered for transportation on the pipeline. Although the specific language of each interstate pipeline's tariff varies, the Commission has made clear that the shipper

of record and the owner of the gas must be one and the same throughout the course of the transportation or the duration of storage on any pipeline. *See Enron Energy Services, Inc.*, 85 FERC ¶ 61,221, at 61,906 (1998).

15. Staff determined that ONEOK Energy Services, ONEOK Energy Marketing, Bear Paw, ONEOK Midstream Gas Supply, and ONEOK Field Services participated in numerous transactions that involved SMHT violations. From January 2005 through March 2008, these ONEOK affiliates transported a total of 50.6 Bcf of gas owned by ONEOK using capacity held by other parties, including 23.2 Bcf of gas that was transported on pipeline capacity held by a different ONEOK affiliate, and 27.4 Bcf of gas that was transported on pipeline capacity held by unaffiliated companies. These transactions occurred on seven interstate pipelines.

16. KGS violated the SMHT requirement during various months in 2005 and 2006, as KGS permitted unaffiliated companies to ship 22 Bcf owned by those companies on KGS's capacity rights. That is, KGS did not release the capacity to the other companies. In addition, KGS received payments for the use of its capacity that exceeded the applicable pipeline maximum rates.

17. A prohibited buy-sell transaction is a commercial arrangement where a shipper holding interstate pipeline capacity buys gas at the direction of, on behalf of, or directly from another entity, ships that gas through its interstate pipeline capacity, and then resells an equivalent quantity of gas to the downstream entity at the delivery point.

18. Between January 2005 and March 2007, ONEOK Energy Services and ONEOK Field Services participated in buy/sell transactions that resulted in the transportation of 2.1 Bcf of gas. If ONEOK Field Services was unable to fully utilize its pipeline capacity to ship gas purchased from producers and others under contracts in the production area, it would from time to time purchase gas from ONEOK Energy Services in the field, transport it to a market zone point, and sell all of the commingled gas stream back to ONEOK Energy Services under the parties' gas purchase agreement.

19. As a result of the transactions initially observed on KGS, ONEOK initiated a detailed review of its affiliates' transportation activities on interstate natural gas pipelines, which review led to ONEOK's self-report. KGS and ONEOK both submitted comprehensive written self-reports describing the violations, including analyses addressing the profits earned from the transactions. ONEOK took prompt self-corrective action to restructure all agreements and operations to ensure ongoing compliance with the Commission's pipeline transportation requirements. ONEOK also developed and conducted training for its employees on the Commission's regulations and the SMHT requirement. Senior management fully supported ONEOK's internal review and reports to the Commission, as well as ONEOK's compliance initiatives.

20. With respect to the self-reported pipeline transportation violations, ONEOK agrees with the facts as stipulated and admits that these acts constituted violations of the Commission's open access pipeline transportation requirements.

21. ONEOK and KGS demonstrated exemplary cooperation with all of the Enforcement investigations.

III. REMEDIES AND SANCTIONS

22. ONEOK agrees to pay a civil penalty of $4,500,000 to the United States Treasury, by wire transfer, within ten (10) days after the Effective Date of this Agreement, as defined below.

23. Within thirty (30) days of the Effective Date of this Agreement, ONEOK shall disgorge the profits it earned from the transactions that are the subject of this Agreement. The amounts of disgorgement set forth below are deemed by Enforcement to be the appropriate amounts reflecting unjust profits from the transactions at issue. The disgorgement shall be as follows:

a. For the Cheyenne open season bidding, ONEOK will disgorge the total amount of $787,331, plus interest, which is to be distributed in equal shares to other March 2007 Cheyenne open season winning bidders specified in Appendix A.

b. For the ONEOK and KGS pipeline transportation transactions, ONEOK will disgorge the total amount of $1,127,164, plus interest, which is to be paid to energy assistance programs administered by States, territories, or Indian tribes and tribal organizations that have received grants from the federal Secretary of Health and Human Services, such energy assistance programs to be agreed upon. This distribution of unjust profits to such energy assistance programs is appropriate because in many instances the appropriate recipients of disgorgement cannot be readily identified or in certain circumstances distribution to identifiable recipients would likely create a windfall benefit.

24. With respect to open season bidding for pipeline capacity, ONEOK will implement compliance reporting for a period of one year from the Effective Date of this Agreement whereby ONEOK will certify in writing to Enforcement within 48 hours of submitting a bid in an open season for interstate natural gas pipeline capacity that it transacted in compliance with all applicable Commission rules and regulations. ONEOK and Enforcement agree that ONEOK will not use multiple affiliates, directly or indirectly, to bid with the intent of acquiring a larger allocation of open season capacity for an affiliated shipper or shippers. ONEOK and Enforcement agree that ONEOK may use multiple affiliates when each affiliate has a demonstrable and legitimate business purpose for the capacity bid at the time of the bid. ONEOK and Enforcement recognize that the

determination of whether each ONEOK affiliate has a demonstrable and legitimate business purpose is dependent on all of the facts and circumstances at the relevant time.

25. With respect to its natural gas shipments and capacity releases as a releasing shipper or a replacement shipper, ONEOK shall make semi-annual confidential reports to Enforcement for one year following the Effective Date of this Agreement. The first semi-annual report shall be submitted no later than ten (10) days after the end of the second calendar quarter following the quarter in which the Effective Date of this Agreement falls. The period covered by the report shall consist of the six months ending one calendar month prior to the date of such report. The second report shall be submitted six months thereafter for the six month period succeeding the prior reporting period. Each compliance report shall (1) state whether additional violations of the Commission's pipeline transportation requirements have occurred; (2) provide a detailed update of all compliance training administered and compliance measures instituted in the applicable period, including a description of the training provided to all relevant personnel concerning the Commission's pipeline transportation policies, and a statement of the personnel or other evidence demonstrating that the personnel have received such training and when the training took place; and (3) include an affidavit executed by an officer of ONEOK that the compliance reports are true and accurate. Upon request by Enforcement, ONEOK shall provide all backup documentation supporting its reports, exclusive of any materials that are privileged. After the receipt of the second semi-annual report, Enforcement may, at its sole discretion, require ONEOK to submit semi-annual reports for one additional year.

26. ONEOK consents to the use of Enforcement's conclusions set forth in paragraph 9 of this Agreement for the purpose of assessing the factors in any future matter, including the factor of determining ONEOK's history of violations, that are set forth in the Revised Policy Statement on Enforcement, *Enforcement of Statutes, Regulations and Orders*, 123 FERC ¶ 61,156 (2008), or that may be set forth in any successor policy statement or order. Such use may be in any other proceeding before the Commission or to which the Commission is a party; provided, however, that ONEOK does not consent to the use of the specific facts set forth in this Agreement as the sole basis for any other proceeding brought by the Commission, nor does ONEOK consent to the use of this Agreement by any other party in any other proceeding.

IV. TERMS

27. The "Effective Date" of this Agreement shall be the date on which the Commission issues an order approving this Agreement in its entirety and without material modification. When effective, this Agreement shall resolve the matter specifically addressed herein as to ONEOK, its agents, officers, directors and employees, both past and present, and any successor in interest to ONEOK.

28. Commission approval of this Agreement in its entirety and without material modification shall release ONEOK and forever bar the Commission from holding ONEOK, its agents, officers, directors and employees liable for any and all administrative, civil claims arising out of, related to, or connected with the investigation addressed in this Agreement. Upon the Effective Date, the investigations of the Office of Enforcement into these matters are closed.

29. Failure to make a timely civil penalty or disgorgement payment, or to comply with the compliance reports agreed to herein, or any other provision of this Agreement, shall be deemed a violation of a final order of the Commission issued pursuant to the Natural Gas Act (NGA), 15 U.S.C. 717 *et seq.*, and may subject ONEOK to additional action under the enforcement and penalty provisions of the NGA.

30. If ONEOK does not make the civil penalty payment above at the time agreed by the parties, interest payable to the United States Treasury will begin to accrue pursuant to the Commission's regulations at 18 C.F.R. § 154.501(d) from the date that payment is due, in addition to the penalty specified above.

31. The Agreement binds ONEOK and its agents, successors, and assigns. The Agreement does not create any additional or independent obligations on ONEOK, or any of its officers, directors, or employees, other than the obligations identified in Section III of this Agreement.

32. The signatories to this Agreement agree that they enter into the Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise of any kind by any member, employee, officer, director, agent or representative of Enforcement or ONEOK has been made to induce the signatories or any other party to enter into the Agreement.

33. Unless the Commission issues an order approving the Agreement in its entirety and without material modification, the Agreement shall be null and void and of no effect whatsoever, and neither Enforcement nor ONEOK shall be bound by any provision or term of the Agreement, unless otherwise agreed to in writing by Enforcement and ONEOK.

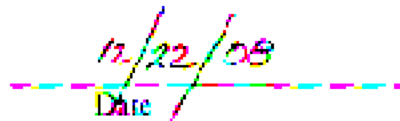
34. In connection with the payment of the civil penalty provided for herein, ONEOK agrees that the Commission's order approving the Agreement in its entirety and without material modification shall be a final and unappealable order assessing a civil penalty under section 22(a) of the NGA, 15 U.S.C. § 717t-1(a). ONEOK waives findings of fact and conclusions of law, rehearing of any Commission order approving the Agreement without material modification, and judicial review by any court of any Commission order approving the Agreement without material modification.

35. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity and accepts the Agreement on the entity's behalf.

36. The undersigned representative of ONEOK affirms that he has read the Agreement, that all of the matters set forth in the Agreement are true and correct to the best of his knowledge, information and belief, and that he understands that the Agreement is entered into by Enforcement in express reliance on those representations.

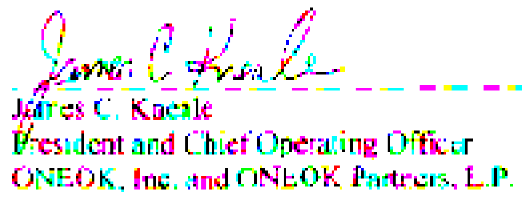
37. This Agreement is executed in duplicate, each of which so executed shall be deemed to be an original. The Agreement may be signed in counterparts.

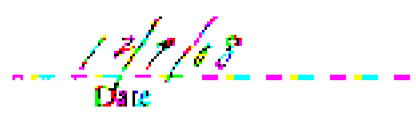
Agreed to and Accepted



Susan J. Court
Director
Office of Enforcement
Federal Energy Regulatory Commission

Date





James C. Kneale
President and Chief Operating Officer
ONEOK, Inc. and ONEOK Partners, L.P.

Date

Appendix A

Anadarko Energy Services Company
BP Energy Company
Concord Energy, LLC
ConocoPhillips Company
Constellation Energy Commodities Group, Inc.
Constellation New Energy Gas Division, LLC
Devlar Energy Marketing, LLC
Enserco Energy, Inc.
Fortis Energy Marketing & Trading, GP
Kennedy Oil
Lakeshore Energy Services, LLC
Lario Oil and Gas Company
Louis Dreyfus Energy Services
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Seminole Gas Company, LLC
Seminole High Plains, LLC
Sempra Energy Trading Corp.
United Energy Trading, LLC
Vanguard Energy Services, LLC
Williams Power Companies, Inc.

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

In re Klabzuba Oil & Gas, F.L.P.) Docket No. IN09-11-000

STIPULATION AND CONSENT AGREEMENT

I. INTRODUCTION

1. The staff of the Office of Enforcement (Enforcement) of the Federal Energy Regulatory Commission (Commission) and Klabzuba Oil & Gas, F.L.P. (Klabzuba) enter into this Stipulation and Consent Agreement (Agreement) to resolve an investigation pursuant to Part 1b of the Commission's regulations, 18 C.F.R. Part 1b (2008), into whether Klabzuba violated 18 C.F.R. § 1c.1 (2008) in connection with the allocation of natural gas transportation capacity by Cheyenne Plains Gas Pipeline Company LLC (Cheyenne) in the open season it held on March 13, 2007.

II. STIPULATED FACTS

Enforcement and Klabzuba hereby stipulate and agree to the following:

2. Klabzuba is a privately-held entity engaged in the exploration and production of oil and natural gas in the Rockies and is headquartered in Denver, Colorado. Klabzuba's General Partner is Klabzuba Oil & Gas, Inc. In 2000, Klabzuba joined with others to found Jefferson Energy Trading Company, LLC (Jetco), which is presently owned 50.1 percent by Klabzuba and 49.9 percent by Wizco, Inc. (Wizco). Since 2000, Klabzuba has engaged Jetco to manage its midstream assets, as well as to provide other consulting, marketing, and asset management services. Golden Stone Resources, LLC (Golden Stone), formed in 2002, provides consulting services in petroleum engineering, natural gas management, and resource acquisition. Golden Stone is not affiliated with Klabzuba, Wizco, or Jetco. Nevertheless, Golden Stone maintains the same business address as Jetco and communicates via a Jetco e-mail address.

3. Cheyenne, a subsidiary of El Paso Corporation, is a 380-mile long, 36-inch natural gas pipeline extending from the Cheyenne Hub, near the Wyoming-Colorado border, to south-central Kansas, with a total certificated capacity of 780,000 Dth/d. Cheyenne is an interstate pipeline regulated under Part 284 of the Commission's regulations. The system serves markets in the Midwest with delivery interconnections with several mid-continent pipelines near Greensburg, Kansas. In March 2007, the

difference between the price at which natural gas could be bought at the Cheyenne Wyoming receipt points and sold at the Cheyenne Kansas delivery point significantly exceeded the transportation costs, which meant Cheyenne's capacity was particularly valuable.

4. On March 6, 2007, Cheyenne posted a notice of the open season on its electronic bulletin board (EBB) for unsubscribed, seasonal capacity available in the amounts of 70,000 Dth/d for April and October 2007, and 45,000 Dth/d for May and September 2007. The notice specified that all Cheyenne receipt points from the Cheyenne Hub were available with the exception of Red Cloud. The notice also specified that all Cheyenne delivery points into ANR, NGPL, NNG, and PEPL were available. There was no capacity available between June and August 2007. Cheyenne's posting instructed interested parties to bid by March 13, 2007, and stated that Cheyenne would evaluate all open season bids based on the net present value (NPV) of the monthly reservation charges for each bid consistent with section 21.5 of the General Terms and Conditions of Cheyenne's FERC Gas Tariff. In the event there was not sufficient capacity to meet all winning bids, Cheyenne stated in its EBB posting that capacity would be allocated *pro rata* based on the maximum delivery quantity of the winning bids. The notice also required that the shipper provide evidence of creditworthiness as required by Cheyenne's FERC Gas Tariff.

5. On March 8, 2007, a representative of Tenaska Marketing Ventures, Inc. (Tenaska) called Golden Stone. In that call, Tenaska informed Golden Stone that Cheyenne would allocate the capacity *pro rata* to all winning bidders. Tenaska solicited Golden Stone to join with Tenaska in planning multiple-entity bids for the Cheyenne open season capacity. Tenaska encouraged Golden Stone to find other entities to join in its plan to submit multiple bids. If they agreed, Tenaska proposed an arrangement where it would split the profits evenly with Golden Stone and the other bidding entities via an asset management agreement where Tenaska would act not only as agent to nominate the capacity but also as agent to buy and sell the gas to be transported on the Cheyenne capacity.

6. Golden Stone informed Jetco of Tenaska's proposal. Klabzuba was made aware of Tenaska's proposal via Jetco and Golden Stone. Between March 8, 2007 and March 13, 2007, communications among representatives of Klabzuba, Jetco, Wizco, and Golden Stone occurred where the means and manner of their bidding in the March 2007 Cheyenne open season were discussed, including Tenaska's proposal to handle all aspects of the deal on their behalf in exchange for 50 percent of the profits from the capacity awarded to them.

7. On March 13, 2007, Klabzuba submitted a bid in the March 2007 Cheyenne open season for all of the available capacity, throughout the entire term, and at the maximum Cheyenne FERC Gas Tariff rate. Jetco, Wizco, and Golden Stone also

submitted maximum rate and maximum term bids.

8. On March 14, 2007, Cheyenne notified Klabzuba that it was a winning bidder. The results of the open season showed that Cheyenne received 47 winning bids in its March 2007 open season. Each of these winning bidders submitted a bid at the highest allowable NPV of the monthly reservation charges, that is, for all of the available capacity, throughout the entire term, and at the maximum Cheyenne FERC Gas Tariff rate. Using the *pro rata* allocation mechanism specified in the notice of the open season, Cheyenne allocated each winning bidder 1,489 Dth/d for the April/October capacity and 957 Dth/d for the May/September capacity, which amounts to 1/47th or 2.1 percent of the total available capacity.

9. Klabzuba, Jetco, Wizco, and Golden Stone did not execute an asset management agreement with Tenaska as originally planned. Instead, Klabzuba, Wizco, and Golden Stone employed Jetco as their agent and submitted independent bids.

10. Following the March 2007 Cheyenne open season, Enforcement instituted an investigation to determine whether any entity or entities violated 18 C.F.R. § 1c.1 in connection with bids for Cheyenne's interstate pipeline transportation capacity. Based on the above facts, although Klabzuba did not violate Cheyenne's FERC Gas Tariff, Enforcement concluded that Klabzuba violated 18 C.F.R. § 1c.1 in connection with its attempt, via the contemplated asset management agreement, to join Tenaska's plan to engage in multiple-entity bidding to impair the *pro rata* allocation mechanism. Klabzuba did not consummate the contemplated asset management agreement.

III. REMEDIES AND SANCTIONS

11. Klabzuba agrees with the facts as stipulated, but neither admits nor denies that they constitute a violation of 18 C.F.R. § 1c.1. Nonetheless, in view of the costs and risks of litigation, and in the interest of resolving any dispute between Enforcement and Klabzuba without further proceedings, Klabuzba agrees to undertake the obligations set forth in this agreement. This Agreement does not constitute an admission of liability by Klabzuba to any third party.

12. Klabzuba shall pay a civil penalty of $300,000 to the United States Treasury, by wire transfer, within ten days after the Effective Date of this Agreement, as defined below.

13. Klabzuba will implement compliance reporting for a period of one year from the Effective Date of this Agreement whereby Klabzuba will certify in writing to Enforcement within 48 hours of submitting a bid in an open season for interstate natural gas pipeline capacity that it transacted in compliance with all applicable Commission

20090115-3085 FERC PDF (Unofficial) 01/15/2009

rules and regulations.

14. Klabzuba consents to the use of Enforcement's conclusion set forth in paragraph number 10 of this Agreement for the purpose of assessing the factors, including the factor of determining the company's history of violations, that are set forth in the *Revised Policy Statement on Enforcement*, 123 FERC ¶ 61,156 (May 15, 2008), or that may be set forth in any successor policy statement or order. Such use may be in any other proceeding before the Commission or to which the Commission is a party; provided however that Klabzuba does not consent to the use of the specific facts set forth in this Agreement as the sole basis for any other proceeding brought by the Commission, nor does Klabzuba consent to the use of this Agreement by any other party in any other proceeding. This Agreement shall have no precedential effect except as set forth in the first sentence of this paragraph.

IV. TERMS

15. The "Effective Date" of this Agreement shall be the date on which the Commission issues an order approving this Agreement in its entirety and without material modification. When effective, this Agreement shall resolve the matter specifically addressed herein as to Klabzuba, its agents, officers, directors and employees, both past and present, and any successor in interest to Klabzuba.

16. Commission approval of this Agreement in its entirety and without material modification shall release Klabzuba and forever bar the Commission from holding Klabzuba, its agents, officers, directors and employees liable for any and all administrative, civil claims arising out of, related to, or connected with the investigation addressed in this Agreement.

17. Failure to make a timely civil penalty payment or to comply with the compliance report agreed to herein, or any other provision of this Agreement, shall be deemed a violation of a final order of the Commission issued pursuant to the Natural Gas Act (NGA), 15 U.S.C. 717, *et seq.* and may subject Klabzuba to additional action under the enforcement and penalty provisions of the NGA.

18. If Klabzuba does not make the civil penalty payment above at the time agreed by the parties, interest payable to the United States Treasury will begin to accrue pursuant to the Commission's regulations at 18 C.F.R. § 154.501(d) from the date that payment is due, in addition to the penalty specified above.

19. The Agreement binds Klabzuba and its agents, successors, and assigns. The Agreement does not create any additional or independent obligations on Klabzuba, or any of its officers, directors, or employees, other than the obligations identified in Section III of this Agreement.

20. The signatories to this Agreement agree that they enter into the Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise of any kind by any member, employee, officer, director, agent or representative of Enforcement or Klabzuba has been made to induce the signatories or any other party to enter into the Agreement.

21. Unless the Commission issues an order approving the Agreement in its entirety and without material modification, the Agreement shall be null and void and of no effect whatsoever, and neither Enforcement nor Klabzuba shall be bound by any provision or term of the Agreement, unless otherwise agreed to in writing by Enforcement and Klabzuba.

22. In connection with the payment of the civil penalty provided for herein, Klabzuba agrees that the Commission's order approving the Agreement in its entirety and without material modification shall be a final and unappealable order assessing a civil penalty under section 22(a) of the NGA, 15 U.S.C. § 717t-1(a). Klabzuba waives findings of fact and conclusions of law, rehearing of any Commission order approving the Agreement without material modification, and judicial review by any court of any Commission order approving the Agreement without material modification.

23. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity and accepts the Agreement on the entity's behalf.

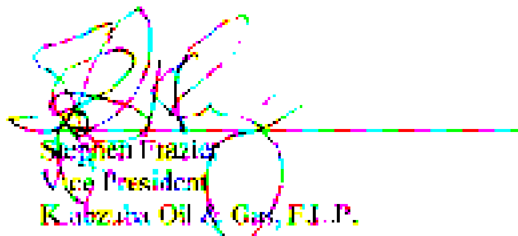
24. The undersigned representative of Klabzuba affirms that he has read the Agreement, that all of the matters set forth in the Agreement are true and correct to the best of his knowledge, information and belief, and that he understands that the Agreement is entered into by Enforcement in express reliance on those representations.

25. This Agreement is executed in duplicate, each of which so executed shall be deemed to be an original. The Agreement may be signed in counterparts.

Agreed to and Accepted:

Susan J. Court
Director
Office of Enforcement
Federal Energy Regulatory Commission

Date



Stephen Frazier
Vice President
Kaiser-Francis Oil & Gas, P.L.P.

Date

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

In re Jefferson Energy Trading Company, LLC)
Wizco, Inc.) Docket No. IN09-12-000
Golden Stone Resources, LLC)

STIPULATION AND CONSENT AGREEMENT

I. INTRODUCTION

1. The staff of the Office of Enforcement (Enforcement) of the Federal Energy Regulatory Commission (Commission) and Jefferson Energy Trading Company, LLC (Jetco), Wizco, Inc. (Wizco), and Golden Stone Resources, LLC (Golden Stone) enter into this Stipulation and Consent Agreement (Agreement) to resolve an investigation pursuant to Part 1b of the Commission's regulations, 18 C.F.R. Part 1b (2008), into whether Jetco, Wizco, and Golden Stone violated 18 C.F.R. § lc.1 (2008) in connection with the allocation of natural gas transportation capacity by Cheyenne Plains Gas Pipeline Company LLC (Cheyenne) in the open season it held on March 13, 2007.

II. STIPULATED FACTS

Enforcement and Jetco, Wizco and Golden Stone hereby stipulate and agree to the following:

2. Jetco, formed in 2000, is a privately-held entity engaged in energy consulting, marketing, and asset management services. Jetco is presently owned 50.1 percent by Klabzuba Oil & Gas, FLP (Klabzuba) and 49.9 percent by Wizco. Wizco is a privately-held entity engaged in energy consulting, marketing, and asset management services. Klabzuba is a privately-held entity engaged in the exploration and production of oil and natural gas in the Rockies. Since 2000, Jetco has managed Klabzuba's midstream assets, and has provided other consulting, marketing, and asset management services. Golden Stone Resources, LLC (Golden Stone), formed in 2002, provides consulting services in petroleum engineering, natural gas management, and resource acquisition. Golden Stone is not affiliated with Klabzuba, Wizco, or Jetco.

3. Cheyenne, a subsidiary of El Paso Corporation, is a 380-mile long, 36-inch natural gas pipeline extending from the Cheyenne Hub, near the Wyoming-Colorado

border, to south-central Kansas, with a total certificated capacity of 780,000 Dth/d. Cheyenne is an interstate pipeline regulated under Part 284 of the Commission's regulations. The system serves markets in the Midwest with delivery interconnections with several mid-continent pipelines near Greensburg, Kansas. In March 2007, the difference between the price at which natural gas could be bought at the Cheyenne Wyoming receipt points and sold at the Cheyenne Kansas delivery point significantly exceeded the transportation costs, which meant Cheyenne's capacity was particularly valuable.

4. On March 6, 2007, Cheyenne posted a notice of the open season on its electronic bulletin board (EBB) for unsubscribed, seasonal capacity available in the amounts of 70,000 Dth/d for April and October 2007, and 45,000 Dth/d for May and September 2007. The notice specified that all Cheyenne receipt points from the Cheyenne Hub were available with the exception of Red Cloud. The notice also specified that all Cheyenne delivery points into ANR, NGPL, NNG, and PEPL were available. There was no capacity available between June and August 2007. Cheyenne's posting instructed interested parties to bid by March 13, 2007, and stated that Cheyenne would evaluate all open season bids based on the net present value (NPV) of the monthly reservation charges for each bid consistent with section 21.5 of the General Terms and Conditions of Cheyenne's FERC Gas Tariff. In the event there was not sufficient capacity to meet all winning bids, Cheyenne stated in its EBB posting that capacity would be allocated pro rata based on the maximum delivery quantity of the winning bids. The notice also required that the shipper provide evidence of creditworthiness as required by Cheyenne's FERC Gas Tariff.

5. On March 8, 2007, a representative of Tenaska Marketing Ventures, Inc. (Tenaska) called Golden Stone. In that call, Tenaska informed Golden Stone that Cheyenne would allocate the capacity pro rata to all winning bidders. Tenaska solicited Golden Stone to join with Tenaska in planning multiple-entity bids for the Cheyenne open season capacity. Tenaska encouraged Golden Stone to find other entities to join in its plan to submit multiple bids. If they agreed, Tenaska proposed an arrangement where it would split the profits evenly with Golden Stone and the other bidding entities via an asset management agreement where Tenaska would act not only as agent to nominate the capacity but also as agent to buy and sell the gas to be transported on the Cheyenne capacity.

6. Golden Stone informed Jetco of Tenaska's proposal. Klabzuba was made aware of Tenaska's proposal via Jetco and Golden Stone. Between March 8, 2007 and March 13, 2007, communications among representatives of Jetco, Wizco, and Golden Stone occurred where the means and manner of their bidding in the March 2007 Cheyenne open season were discussed, including Tenaska's proposal to handle all aspects of the deal on their behalf in exchange for 50 percent of the profits from the capacity awarded to them.

7. On March 13, 2007, Jetco, Wizco, and Golden Stone submitted bids in the March 2007 Cheyenne open season for all of the available capacity, throughout the entire term, and at the maximum Cheyenne FERC Gas Tariff rate. Klabzuba also submitted a maximum rate and maximum term bid.

8. On March 14, 2007, Cheyenne notified Jetco, Wizco, and Golden Stone that they were winning bidders. The results of the open season showed that Cheyenne received 47 winning bids in its March 2007 open season. Each of these winning bidders submitted a bid at the highest allowable NPV of the monthly reservation charges, that is, for all of the available capacity, throughout the entire term, and at the maximum Cheyenne FERC Gas Tariff rate. Using the pro rata allocation mechanism specified in the notice of the open season, Cheyenne allocated each winning bidder 1,489 Dth/d for the April/October capacity and 957 Dth/d for the May/September capacity, which amounts to 1/47th or 2.1 percent of the total available capacity.

9. Klabzuba, Jetco, Wizco, and Golden Stone did not execute an asset management agreement with Tenaska as originally planned. Instead, Klabzuba, Wizco and Golden Stone employed Jetco as their agent and submitted independent bids.

10. Following the March 2007 Cheyenne open season, Enforcement instituted an investigation to determine whether any entity or entities violated 18 C.P.R. § lc.1 in connection with bids for Cheyenne's interstate pipeline transportation capacity. Based on the above facts, although Jetco, Wizco, and Golden Stone did not violate Cheyenne's FERC Gas Tariff, Enforcement concluded that Jetco, Wizco, and Golden Stone violated 18 C.F.R. § 1c.l in connection with their attempt, via the contemplated asset management agreement, to join Tenaska's plan to engage in multiple-entity bidding to impair the *pro rata* allocation mechanism. Jetco, Wizco, and Golden Stone did not consummate the contemplated asset management agreement.

III. REMEDIES AND SANCTIONS

11. Jetco, Wizco and Golden Stone agree with the facts as stipulated, but neither admit nor deny that they constitute a violation of 18 C.F.R. § 1c.1. Nonetheless, in view of the costs and risks of litigation, and in the interest of resolving any dispute between Enforcement and Jetco, Wizco and Golden Stone without further proceedings, Jetco, Wizco and Golden Stone agree to undertake the obligations set forth in this agreement. This Agreement does not constitute an admission of liability by Jetco, Wizco and Golden Stone to any third party.

12. Jetco, Wizco and Golden Stone shall pay a civil penalty of $300,000 to the United States Treasury, by wire transfer, within ten days after the Effective Date of this Agreement, as defined below. Jetco, Wizco, and Golden Stone agree to pay an additional civil penalty of $285,000 on or before September 30, 2009.

13. Jetco, Wizco and Golden Stone will implement compliance reporting for a period of one year from the Effective Date of this Agreement whereby Jetco, Wizco and Golden Stone will certify in writing to Enforcement within 48 hours of submitting a bid in an open season for interstate natural gas pipeline capacity that the transaction was in compliance with all applicable Commission rules and regulations.

14. Jetco, Wizco and Golden Stone consent to the use of Enforcement's conclusion set forth in paragraph number 10 of this Agreement for the purpose of assessing the factors, including the factor of determining the company's history of violations, that are set forth in the *Revised Policy Statement on Enforcement*, 123 FERC ¶ 61,156 (May 15, 2008), or that may be set forth in any successor policy statement or order. Such use may be in any other proceeding before the Commission or to which the Commission is a party; provided however that Jetco, Wizco and Golden Stone do not consent to the use of the specific facts set forth in this Agreement as the sole basis for any other proceeding brought by the Commission, nor do Jetco, Wizco and Golden Stone consent to the use of this Agreement by any other party in any other proceeding. This Agreement shall have no precedential effect except as set forth in the first sentence of this paragraph.

IV. TERMS

15. The "Effective Date" of this Agreement shall be the date on which the Commission issues an order approving this Agreement in its entirety and without material modification. When effective, this Agreement shall resolve the matter specifically addressed herein as to Jetco, Wizco and Golden Stone, its agents, officers, directors and employees, both past and present, and any successors in interest to Jetco, Wizco and Golden Stone.

16. Commission approval of this Agreement in its entirety and without material modification shall release Jetco, Wizco and Golden Stone and forever bar the Commission from holding Jetco, Wizco and Golden Stone, its agents, officers, directors and employees liable for any and all administrative, civil claims arising out of, related to, or connected with the investigation addressed in this Agreement.

17. Failure to make a timely civil penalty payment or to comply with the compliance report agreed to herein, or any other provision of this Agreement, shall be deemed a violation of a final order of the Commission issued pursuant to the Natural Gas Act (NGA), 15 U.S.C. 717, *et seq.* and may subject Jetco, Wizco and Golden Stone to additional action under the enforcement and penalty provisions of the NGA.

18. If Jetco, Wizco and Golden Stone do not make the civil penalty payments above at the time agreed by the parties, interest payable to the United States Treasury will begin to accrue pursuant to the Commission's regulations at 18 C.F.R. § 154.501(d) from the date that payment is due, in addition to the penalty specified above.

19. This Agreement binds Jetco, Wizco and Golden Stone and its agents, successors, and assigns. This Agreement does not create any additional or independent obligations on Jetco, Wizco and Golden Stone, or any of their officers, directors, or employees, other than the obligations identified in Section III of this Agreement.

20. The signatories to this Agreement agree that they enter into the Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise of any kind by any member, employee, officer, director, agent or representative of Enforcement or Jetco, Wizco and Golden Stone have been made to induce the signatories or any other party to enter into the Agreement.

21. Unless the Commission issues an order approving the Agreement in its entirety and without material modification, the Agreement shall be null and void and of no effect whatsoever, and neither Enforcement nor Jetco, Wizco and Golden Stone shall be bound by any provision or term of the Agreement, unless otherwise agreed to in writing by Enforcement and Jetco, Wizco and Golden Stone.

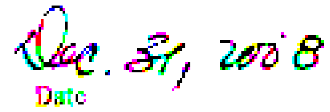
22. In connection with the payment of the civil penalty provided for herein, Jetco, Wizco and Golden Stone agree that the Commission's order approving the Agreement in its entirety and without material modification shall be a final and unappealable order assessing a civil penalty under section 22(a) of the NGA, 15 U.S.C. § 717t-l(a). Jetco, Wizco and Golden Stone waive findings of fact and conclusions of law, rehearing of any Commission order approving the Agreement without material modification, and judicial review by any court of any Commission order approving the Agreement without material modification.

23. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity and accepts the Agreement on the entity's behalf.

24. The undersigned representatives of Jetco, Wizco and Golden Stone affirm that they have read this Agreement, that all of the matters set forth in the Agreement are true and correct to the best of their knowledge, information and belief, and that they understand that this Agreement is entered into by Enforcement in express reliance on those representations.

25. This Agreement is executed in duplicate, each of which so executed shall be deemed to be an original. The Agreement may be signed in counterparts.

Agreed to and Accepted

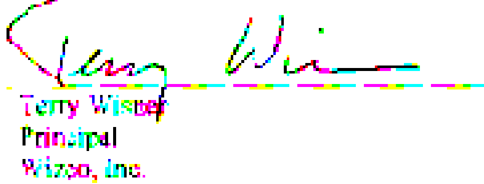


Susan J. Court
Director
Office of Enforcement
Federal Energy Regulatory Commission

Date

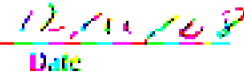
Terry Wisner
Manager
Jefferson Energy Trading Company, LLC

Date



Terry Wisner
Principal
Wizco, Inc.

Date



Daniel Huckaby
Principal
Golden Stone Resources, LLC

Date

20090115-3085 FERC PDF (Unofficial) 01/15/2009

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

In re Tenaska Marketing Ventures Docket No. IN09-7-000
Tenaska Energy Services, LLC
Tenaska Gas Co.
Tenaska Gas Storage
Tenaska Grimes, Inc.
Tenaska Marketing, Inc.
Tenaska Operations, Inc.
Tenaska Storage Co.

In re ONEOK, Inc. Docket No. IN09-8-000
ONEOK Partners, L.P.
ONEOK Energy Services Company, L.P.
ONEOK Energy Marketing Company
ONEOK Energy Services Canada, LTD
ONEOK Field Services Company, L.L.C.
ONEOK Midstream Gas Supply, L.L.C.
Bear Paw Energy, L.L.C.
Kansas Gas Service, a division of ONEOK, Inc.

In re Klabzuba Oil & Gas, F.L.P. Docket No. IN09-11-000

In re Jefferson Energy Trading, LLC Docket No. IN09-12-000
Wizco, Inc.
Golden Stone Resources, LLC

(Issued January 15, 2009)

MOELLER, Commissioner *dissenting*:

We should not penalize a company millions of dollars for conduct that reasonably may be viewed as consistent with Commission policy. As explained in my dissents issued today in the investigations of Seminole and National Fuel Marketing (Commission Dockets No. IN09-9-000 and IN09-10-000), I respectfully dissent because the conduct in these proceedings does not merit any penalty.

____
Philip D. Moeller
Commissioner

Document Content(s)

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