

139 FERC ¶ 61,135
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 18, 2012

In Reply Refer To:
WPX Energy Marketing, LLC
Williams Energy Resources LLC
Docket No. RP12-668-000

WPX Energy, Inc.
One Williams Center
Suite 4700
Tulsa, Oklahoma 74172

Attention: Thomas Noulles, Senior Counsel

Reference: Joint Petition for Limited Waiver of Capacity Release Regulations

Dear Mr. Noulles:

1. On April 27, 2012, WPX Energy Marketing, LLC, (WPX Marketing) and Williams Energy Resources LLC (Williams Energy Resources) (jointly, the Petitioners) filed a request for temporary waiver of the Commission's capacity release regulations to facilitate a permanent prearranged release of capacity under a firm transportation service agreement from WPX Marketing to Williams Energy Resources. The Petitioners state that the capacity subject to the waiver request is held on the system of Southern Star Central Gas Pipeline, Inc., (Southern Star) and is being permanently released as part of a corporate reorganization. For the reasons discussed below, and for good cause shown, the Commission grants the limited waiver requested, as well as the relevant capacity release provisions of Southern Star's tariff, for a period of 90 days from the date this order issues.

2. The Williams Companies, Inc., (Williams) is an energy infrastructure company headquartered in Tulsa, Oklahoma. Effective December 31, 2011, Williams spun off its exploration and production business, including Williams Gas Marketing, Inc., from its interstate natural gas pipeline and midstream business units. As a result, WPX Energy, Inc., is now a stand-alone, publicly traded natural gas and oil exploration company. Williams Gas Marketing, Inc., renamed WPX Energy Marketing, LLC, became a wholly owned subsidiary of WPX Energy, Inc. and is the energy marketing entity for WPX

Energy. Williams Energy Resources is the energy marketing entity for Williams' remaining midstream business unit.

3. Before the spin-off and for a transition period after the spin-off, WPX Marketing helped procure natural gas for the operations of various Williams midstream facilities, including the Conway Fractionation Facility, located in Conway, Kansas. In addition, WPX Marketing holds capacity on Southern Star under a firm transportation service agreement¹ which is used solely to serve the Conway Fractionation Facility. According to the Petitioners, under the agreement, Southern Star transports up to 8,500 Dth per day for the shipper under Rate Schedule FTS. In the reorganization, Williams retained the Conway Fractionation Facility. Accordingly, the Petitioners state that the reorganization contemplated that WPX Marketing would permanently release the agreement to Williams Energy Resources. They contend that granting the waiver and allowing the permanent release will not change the receipt and delivery points or the contract demand of the agreement or the purpose for which it is used.

4. The Petitioners state that section 8.11 of Southern Star's General Terms and Conditions (GT&C) permits assignments under certain conditions.² However, they state that the tariff provision may not cover assignments that happen as a result of a corporate restructuring. Accordingly, the Petitioners seek waiver of the Commission's capacity release regulations, as well as any other requisite authorizations or waivers, to permit the permanent prearranged release of the subject capacity from WPX Marketing to Williams Energy Resources. Specifically, the Petitioners request waiver of section 284.8 of the Commission's regulations, which sets forth regulations governing the release of firm capacity on interstate pipelines.

5. The Petitioners assert that granting this waiver is consistent with recent Commission actions in *Dogwood Energy* and *Entergy Arkansas*.³ They explain that in *Dogwood*, the Commission granted a request for temporary waiver of certain Commission capacity release regulations to facilitate the prearranged permanent release

¹ Southern Star Contract No. TA-1029.

² Section 8.11 provides that "Any company which shall succeed by purchase, merger, bankruptcy reorganizations or consolidation to the properties of Southern Star or of a Shipper shall be entitled to the rights and shall be subject to the obligations of its predecessor under a service agreement."

³ *Dogwood Energy, LLC, et al.*, 138 FERC ¶ 61,106 (2012) (*Dogwood Energy*); *Entergy Arkansas Inc. and KGen Hot Springs LLC*, 138 FERC ¶ 61,065 (2012) (*Entergy Arkansas*).

of capacity under a service agreement. The Petitioners note that in granting the waiver, the Commission held that doing so would allow the petitioning parties to “execute the transfer of ownership interests...in an orderly fashion, consistent with Commission policy.”⁴ The Petitioners explain that in *Entergy Arkansas*, the Commission approved a similar request, finding that “[o]ur actions here are consistent with these decisions where the Commission granted similar temporary waivers in order to facilitate the transfer of interstate capacity as part of a larger transfer of entire business units.”⁵

6. The Petitioners assert that the rationale provided by the Commission in granting the waiver requests in both cases applies with equal force to the subject waiver request. They add that granting the requested waiver will help ensure uninterrupted access to natural gas as intended by Williams, WPX Marketing, and Williams Energy Resources, and would also allow parties to transfer the interests in an orderly and efficient fashion. The Petitioners note that Southern Star does not oppose the Commission granting the requested waiver.

7. Public notice of the filing was issued on May 3, 2012. Interventions and protests were due on or before May 7, 2012, as provided by the notice. Pursuant to Rule 214, 18 C.F.R. § 385.214 (2011), all timely motions to intervene and any unopposed motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt this proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

8. The Commission has reviewed the Petitioners’ request for waiver and finds that the request is adequately supported and consistent with previous waivers that the Commission has granted to permit the prearranged permanent release of capacity under similar circumstances.⁶ Accordingly, the Commission will grant waiver of its capacity release regulations, as well as waiver of the relevant capacity release provisions of Southern Star’s tariff, to facilitate the permanent prearranged release of capacity under

⁴ *Dogwood Energy*, 138 FERC ¶ 61,106 at P 8.

⁵ *Entergy Arkansas*, 138 FERC ¶ 61,065 at P 6.

⁶ E.g., *Constellation NewEnergy – Gas Div., LLC*, 130 FERC ¶ 61,059 (2010); *Sequent Energy Mgmt., L.P., et al.*, 129 FERC ¶ 61,188 (2009); *Macquarie Cook Energy, LLC and Constellation Energy Commodities Group, Inc.*, 126 FERC ¶ 61,160 (2009); *Bear Energy LP*, 123 FERC ¶ 61,219 (2008); *Barclays Bank PLC and UBS AG*, 125 FERC ¶ 61,383 (2008); *Wasatch Energy, LLC and Northwest Pipeline Corp.*, 118 FERC ¶ 61,173 (2007); *Sempra Energy Trading Corp.*, 121 FERC ¶ 61,005 (2007); *Northwest Pipeline Corp. and Duke Energy Trading and Mktg., L.L.C.*, 109 FERC ¶ 61,044 (2004).

the firm transportation service agreement from WPX Marketing to Williams Energy Resources. Granting these waivers will help the Petitioners execute their corporate reorganization in an orderly and efficient manner, and will ensure the Conway Fractionation Facility of uninterrupted access to natural gas. The Commission will allow the waivers to remain in effect for a period of 90 days from the date this order issues.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.