

169 FERC ¶ 61,210  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;  
Richard Glick and Bernard L. McNamee.

Castex Offshore, Inc, EnVen Energy Ventures, LLC,                      Docket No. RP19-1598-000  
Fieldwood Energy LLC, M21K, LLC, and W&T  
Offshore, Inc.

v.

Stingray Pipeline Company, L.L.C.

ORDER DENYING COMPLAINT

(Issued December 19, 2019)

1. On September 26, 2019, Castex Offshore, Inc. (Castex), EnVen Energy Ventures, LLC (EnVen), Fieldwood Energy LLC (Fieldwood), M21K, LLC (M21K), and W&T Offshore, Inc. (W&T) (collectively, the Producer Coalition) filed a complaint against Stingray Pipeline Company, L.L.C. (Stingray). The Producer Coalition alleges that Stingray failed to comply with its tariff by: (1) shutting in its interstate pipeline system for at least 10 weeks on less than three weeks' notice to its shippers; and (2) failing to consult with its shippers that would be significantly affected by the shut-in to minimize the impact of the shut-in on its shippers. For the reasons discussed below, we deny the complaint.

**I. The Producer Coalition's Complaint**

2. The Producer Coalition states that they are producers of oil and natural gas and are shippers on Stingray's pipeline. They note that Castex and Fieldwood are interruptible transportation customers of Stingray, whereas EnVen, M21K, and W&T are firm transportation customers of Stingray.

3. The Producer Coalition states that, on September 13, 2019, Stingray posted a notice on its Interactive Internet Website that announced Stingray's intent to shut-in its system beginning October 1, 2019, to "initiate pigging operations intended to verify the pipeline integrity of the existing 36 [inch] Mainline."<sup>1</sup> The Producer Coalition states that

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<sup>1</sup> Complaint at 4. A copy of Stingray's September 13, 2019 notice is included

the Notice stated that “[t]he duration of the service outage is approximately 10 weeks.”<sup>2</sup> The Producer Coalition submits that this was the first time that Stingray stated publicly its intent to shut-in its pipeline system.

4. The Producer Coalition states that just prior to issuing the Notice, Stingray either met with or called certain of its customers to inform them about the shut-in, and to present them with a Power Point presentation outlining the reasons for the shut-in.<sup>3</sup> The Producer Coalition states that W&T called Stingray to express its concern with the proposed 10-week shut-in of Stingray’s system, and stated that W&T just recompleted a well tied to Stingray and would have delayed recompleting the well had W&T been given adequate notice of the shut-in. The Producer Coalition contends that, notwithstanding shipper concerns, Stingray declined to consider postponing the shut-in and working with the affected shippers to schedule a time for the work that would minimize the impacts on the shippers.

5. The Producer Coalition further states that on September 18, 2019, its counsel sent Stingray’s counsel a letter outlining the Producer Coalition’s concerns with the impending shut-in.<sup>4</sup> The Producer Coalition states that on September 24, 2019, Stingray responded to that September 18, 2019 letter.<sup>5</sup> The Producer Coalition asserts that Stingray is in breach of its tariff by: (1) shutting in its interstate pipeline system for at least 10 weeks on less than three weeks’ notice to its shippers; and (2) failing to consult with its shippers that would be significantly affected by the lengthy shut-in. The Producer Coalition states that Stingray’s Notice cites Section 3.2(a) of the General Terms and Conditions (GT&C) of its tariff, which sets forth Stingray’s rights and obligations with respect to the “Limitation of Firm Services.” The Producer Coalition contends that while Section 3.2(a)(6) of the GT&C of its tariff permits Stingray to decline to schedule firm service “to maintain system integrity,” Stingray made no showing that its proposed pigging operation is operationally necessary at this time to ensure continued and safe

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with the Complaint as Attachment A (Notice).

<sup>2</sup> *Id.*

<sup>3</sup> *Id.* A copy of the presentation, entitled Stingray Integrity Presentation, is included with the Complaint as Attachment B.

<sup>4</sup> *Id.* at 5. A copy of the letter to Stingray is included with the Complaint as Attachment C.

<sup>5</sup> *Id.* A copy of Stingray’s letter in response is included with the Complaint as Attachment D (Stingray Response).

system operations.<sup>6</sup> The Producer Coalition submits that there is nothing in the Notice or Integrity Presentation that raises any system issues that prevent the continued safe operation of the system in the near term and that would require the immediate shutting in of the system and the curtailment of shippers' gas for an extended period of time.<sup>7</sup>

6. The Producer Coalition states that Section 3.2(a) of the GT&C of Stingray's tariff obligates Stingray to "attempt to schedule such [maintenance and repair] activity during a period when it will not result in curtailment to firm services, or when such curtailment will be minimized, after consulting with the Shippers which could be affected." The Producer Coalition argues that Stingray failed to both consult with its shippers and make any attempt to minimize the impact on its shippers, which, according to the Producer Coalition, violates Section 3.2(a).

7. The Producer Coalition states that Section 19.2(d) of the GT&C of Stingray's tariff, which generally applies to all services provided by Stingray, requires Stingray to provide "such notice as is reasonable under the circumstances" for any operating or remedial curtailment or interruption. The Producer Coalition states that Stingray provided 18 days' notice of this 10-week shut-in, which the Producer Coalition views as unreasonable, given its position that the shut-in significantly impacted shippers and that there was no showing that the pigging in question must be performed immediately.

8. The Producer Coalition refers to Stingray's September 24, 2019 letter to the Producer Coalition where Stingray relies on *Tennessee Gas Pipeline Co.*<sup>8</sup> for the proposition that five days' prior notice to a system maintenance outage is reasonable. The Producer Coalition contends that the facts presented in *Tennessee* are distinguishable from the facts presented in this case. The Producer Coalition asserts that in *Tennessee*, the pipeline reduced its system maintenance notification period from 15 to five days to permit it to minimize disruptions on its system and schedule routine maintenance during non-peak demand periods on its system.

9. The Producer Coalition argues that, contrary to the circumstances in *Tennessee*, here Stingray is planning to shut in its entire interstate pipeline system, not perform routine maintenance on a discrete portion of its system. The Producer Coalition argues that 18 days' prior notice before shutting in an entire pipeline system for a lengthy period of time in a non-emergency circumstance is insufficient.

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<sup>6</sup> *Id.* at 5-6.

<sup>7</sup> *Id.* at 6.

<sup>8</sup> 133 FERC ¶ 61,191 (2010) (*Tennessee*).

10. The Producer Coalition states that it is not asserting that the proposed pigging operations are not worthwhile and related to Stingray's obligation to ensure system integrity. Rather, it states, it is arguing that Stingray failed to consult with its shippers, as it is required to do under its tariff, in order to minimize the disruption and curtailment. The Producer Coalition contends that postponing the pigging operation to a mutually acceptable time in consultation with the affected producers such that the affected producers can simultaneously schedule downtime and their own maintenance is not an unreasonable request.

11. The Producer Coalition requests that the Commission expeditiously issue an order requiring Stingray to immediately suspend and postpone the planned pigging operation. Further, the Producer Coalition requests that the Commission require Stingray to convene a meeting with its shippers to discuss and determine a new schedule for these operations that complies with the requirements set forth in its tariff (i.e., that Stingray consult with its shippers in order to minimize the impact of the resulting curtailment). The Producer Coalition submits that Stingray should consider whether the curtailed gas can be rerouted to High Island Offshore System, LLC (HIOS) during the curtailment, as it is the Producer Coalition's understanding that HIOS has recently undertaken work on its HI 330 platform that could facilitate receipt of such gas into its system.<sup>9</sup>

## **II. Public Notice and Interventions**

12. Notice of the Producer Coalition's complaint was issued on September 27, 2019, providing for interventions, protests, and Stingray's answer to be filed on or before October 16, 2019. Pursuant to Rule 214,<sup>10</sup> all timely motions to intervene and any unopposed motions to intervene filed out-of-time 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. On October 16, 2019, Stingray filed an answer to the Producer Coalition's complaint. On October 31, 2019, the Producer Coalition filed an answer to Stingray's answer. On November 6, 2019, Stingray filed an answer to the Producer Coalition's October 31 answer.

13. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2019), prohibits an answer to an answer unless otherwise ordered by the decisional authority. We are not persuaded to accept the October 31 answer of the Producer Coalition or the November 6 answer of Stingray and will, therefore, reject them.

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<sup>9</sup> Complaint at 9.

<sup>10</sup> 18 C.F.R. § 385.214 (2019).

### III. Stingray's Answer

14. In its answer to the complaint, Stingray argues that the Producer Coalition's claims that Stingray has not complied with its tariff are wrong. Stingray states that GT&C Section 3.2(a)(6) expressly permits Stingray to interrupt and curtail firm service based solely on Stingray's determination of the need to maintain system integrity. Contrary to the Producer Coalition's claim, Stingray contends that Section 3.2(a)(6) does not: (i) require a showing that Stingray's proposed integrity work is operationally necessary; (ii) include a condition that the Producer Coalition be entitled to deem whether integrity work is convenient at this time; or (iii) require Stingray to even consult with any shipper or to provide a certain amount of notice relative to the duration of the integrity curtailment. Stingray asserts that Section 3.2(b) only requires Stingray to provide notice to firm shippers of any curtailment or any scheduling restriction as far in advance as feasible, further stating that Stingray shall attempt to provide at least two days' prior notice. Stingray states that it is undisputed that Stingray has provided almost three weeks' notice.

15. Stingray states that, following Energy Transfer's June 2019 acquisition of 100 percent interest in Stingray, visits to offshore platform locations revealed corrosion and other maintenance issues that needed to be addressed. Stingray asserts that all communications with shippers demonstrate that the pigging work was based on Stingray's determination of the need to maintain system integrity.<sup>11</sup> Stingray states that from mid- to late-August 2019, it diligently explored options to accomplish the necessary pigging, including working with HIOS. However, due to several operating issues identified in the Integrity Presentation, Stingray ultimately determined at the end of August 2019 that its best available option was to commence the pigging by October 1, 2019 with the use of nitrogen in order to complete the work before weather made it impractical. Stingray states it finalized the Integrity Presentation within two weeks and, though not required under the tariff, began meeting with Arena Energy, LP, as the Producer Representative, and contacting its firm shippers to provide the Integrity Presentation and explain the need for the integrity work. On September 13, 2019, Stingray states it posted the notice on its interactive website describing the integrity work commencing on October 1, 2019. Thus, Stingray submits it gave its shippers almost three weeks' notice of the pipeline integrity pigging and why it was necessary and why other options were not workable.

16. Stingray submits that GT&C Section 3.2(a) does not contain any limitations or conditions on Stingray's ability to interrupt and curtail service based solely on a determination that system integrity needs to be maintained. Stingray asserts that Section 3.2(a) does not require a showing that Stingray's proposed integrity work is operationally necessary to ensure continued and safe system operations. Stingray states

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<sup>11</sup> In its answer, Stingray states that the pipeline integrity work began on October 1, 2019.

that Section 3.2(a) only requires a determination that system integrity needs to be maintained, a determination that Stingray says it made. Stingray contends that conditions should not be placed on a pipeline's right to interrupt service to maintain system integrity. Stingray submits that the Commission affords pipelines reasonable deference in managing their own systems.<sup>12</sup> Stingray argues that allowing shippers to second guess a pipeline's reasonable determinations regarding the maintenance of system integrity could cause unreasonable delays in necessary integrity work and interfere with the reasonable deference granted to pipelines.

17. Stingray also asserts that there is no requirement in its tariff to consult with any shipper regarding curtailment determinations to maintain system integrity. Stingray submits that the condition that Stingray attempt to schedule maintenance activity when curtailment to firm services would be minimized after consulting with the shippers that could be affected applies only to routine repair and maintenance, not activity undertaken to maintain system integrity. Stingray contends that there is no obligation to agree on a mutually acceptable time with producers for the integrity pigging work. Stingray states that the decision is Stingray's in its discretion. According to Stingray, the tariff provisions are clear on their face and unequivocally give Stingray a unilateral right to interrupt or curtail service to maintain system integrity.

18. Stingray argues that the Commission should reject Producer Coalition's unsupported claim that Stingray's provision of 18 days' prior notice of the pipeline integrity pigging work is unreasonable. Stingray states that it provided this notice of the system integrity work as far in advance as feasible in compliance with the tariff, and that such notice was nine times the amount of notice that Stingray is required to attempt to provide under the tariff (i.e., 18 days' prior notice versus 2 days'). Stingray submits that it developed a work schedule as quickly as possible, and provided notice of the curtailment as soon as practical given the circumstances, including the pressing and paramount need to ensure the integrity of the pipeline, the operational conditions Stingray needed to work around, and the necessity to perform the integrity work before the weather made such work impractical.

19. Stingray asserts that the Producer Coalition fails in its attempt to distinguish *Tennessee*. Stingray states that in *Tennessee*, the pipeline sought to reduce the

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<sup>12</sup> Stingray Answer at 10 (citing *Transcontinental Gas Pipe Line Co., LLC*, 164 FERC ¶ 61,174, at P 48, n.47 (2018) (stating that "The Commission remains deferential to the operational experience of pipelines and provides pipelines with reasonable discretion to manage their own systems") (citations omitted)); *Kinder Morgan Interstate Gas Transmission LLC*, 133 FERC ¶ 61,044, at P 25, n.28 (2010) (holding that "The Commission affords pipelines reasonable deference in conducting operations and provides pipelines with reasonable discretion in managing their own systems.") (citing *Gulf South Pipeline Co., LP*, 132 FERC ¶ 61,199, at P 64 (2010)).

notification period provided for in its tariff for routine maintenance outages from 15 days to as soon as reasonably practical, but no later than five days prior to the scheduled activity. Stingray submits that if five days' prior notice is reasonable or generous for routine maintenance, which by its definition is routine and usually foreseen and planned for in advance, then it would stand to reason that less than five days' prior notice would be reasonable for pipeline integrity work which is by its very nature more urgent. Stingray states that it gave more than three times the amount of prior notice that was held reasonable in *Tennessee* (i.e., 18 days versus 5 days), which it contends was reasonable given the necessity of the integrity work and the need to complete it given the weather conditions.

20. Stingray argues that the Producer Coalition incorrectly claims that GT&C Section 19.2 is relevant to integrity work. Stingray states that it did not issue its integrity work notice pursuant to that section because it pertains to operational conditions and changes, rather than pipeline integrity as identified by Stingray. Even if Section 19.2 were relevant, Stingray submits that Section 19.2 also permits Stingray to order curtailment or interruption at any time, if in Stingray's judgment operating conditions so require and upon reasonable notice under the circumstances. Stingray states it complied with Section 19.2 because it identified several operational conditions and provided reasonable notice under the circumstances. Stingray contends that the Producer Coalition has failed to state any basis for its claim that almost three weeks' notice is unreasonable under the circumstances.

21. Stingray further contends that the Producer Coalition has failed to allege any harm, nor is there any harm because Stingray stated in its notice to all shippers that it would provide revenue crediting to firm shippers. Accordingly, for these reasons, Stingray submits that the Commission should dismiss the complaint.

#### **IV. Discussion**

22. The complaint asserts that Stingray violated its tariff in two ways: (1) by shutting in its interstate pipeline system for at least 10 weeks on less than three weeks' notice to its shippers; and (2) by failing to consult with its shippers that will be significantly affected by the lengthy shut-in.

23. Based upon a review of the pleadings filed in this proceeding and Stingray's tariff, we find that Stingray did not violate its tariff with respect to either the notice of the pipeline shut-in for purposes of ensuring system integrity or in its dealings with shippers concerning the shut-in. Stingray properly exercised its discretion under the tariff to determine the appropriate method and timing of the operations to ensure its pipeline's integrity. Accordingly, we deny the Producer Coalition's complaint, including the request for injunctive relief to prevent Stingray's scheduled pigging operation.

24. As to the timing of the notice, as an initial matter, Section 3.2(b) of the tariff does not require a certain amount of time for providing notice of any curtailment or scheduling restriction but rather provides that Stingray “shall provide notice of any curtailment or of any scheduling restriction as far in advance as feasible. Stingray shall attempt to provide at least two (2) Days prior notice . . . .” Stingray explains that as part of its due diligence following Energy Transfer’s acquisition of Stingray in June 2019, it discovered corrosion and maintenance issues at multiple locations raising issues of pipeline integrity. Stingray states that it explored options to use HIOS’ HI 330 platform for purposes of the pigging operation, or to use the HIOS system to receive gas from Stingray to maintain flows and avoid shut-in but determined that such options were not workable.

25. According to Stingray, its engineering department determined that the pigging work would need to commence by October 1, 2019, in order to complete the pigging by the end of November 2019. Stingray explains that it needs to finish the work by the end of November because it is an offshore system, and pigging its system requires the use of lift boats that cannot be used when the weather is inclement.

26. Stingray states that in September 2019 it developed an Integrity Presentation for shippers, e-mailed the presentation to shippers, and held discussions with shippers to review and explain the work. Stingray posted the notice of the integrity work on its website on September 13, 2019, indicating that pigging operations and the shut-in would commence October 1, 2019. The Producer Coalition does not dispute the importance of the needed work, and we find that under the circumstances, including the need to complete the work before the onset of potentially inhospitable weather conditions, Stingray provided reasonable notice of the shut-in and required integrity work.<sup>13</sup>

27. We further reject Producer Coalitions claims that Stingray violated its tariff by failing to consult with affected shippers. On this point, the requirement that Stingray consult with its shippers only applies to routine system maintenance, not to the situation at hand.<sup>14</sup> Routine maintenance typically involves regular, periodic maintenance activities a pipeline must perform in the ordinary course of business to ensure the safe

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<sup>13</sup> While the parties dispute the relevance of *Tennessee* to this case, that proceeding involved the notice required for routine maintenance as opposed to repairs for system integrity in the present case. Thus, we are not persuaded that *Tennessee* is instructive here.

<sup>14</sup> Section 3.2(a) of the tariff states: “[W]ith respect to *routine repair and maintenance*, Stingray will implement restrictions for scheduling purposes only, not for curtailment, and will attempt to schedule such activity during a period when it will not result in curtailment to firm services, or when such curtailment will be minimized, *after consulting with the Shippers which could be affected.*” (Emphasis added).



operation of the pipeline. The work at issue here was required to ensure pipeline integrity because corrosion and maintenance issues were identified at multiple locations and no pigging operations had occurred in over twenty years.<sup>15</sup> While Stingray informed its shippers about the reasons for and timing of the pipeline integrity work, it was not required to do so under its tariff.

28. We also find that the Producer Coalition is incorrect in its assertion that Stingray violated its tariff by failing to follow GT&C Section 19.2(d) of the tariff. Section 19.2(d) states:

Stingray may order operating or remedial curtailment or interruption at any time if in Stingray's judgment, capacity or operating conditions so require or it is desirable or necessary to make modifications, repairs or operating changes, the conduct of which will be affected thereby, upon such notice as is reasonable under the circumstances including posting on Stingray's Interactive Internet Website and electronic mail notice, and Shipper shall be required to comply with such order in the time specified by Stingray.

Although the parties dispute the relevance of that section to this case, assuming *arguendo* that it pertains, the section permits Stingray to order curtailment or interruption at any time if in Stingray's judgement operating conditions so require and “upon such notice as is reasonable under the circumstances.” As discussed above, we find that Stingray’s notice was reasonable given the circumstances.

29. Because the Producer Coalition has failed to meet its burden of proof as a complainant to show that Stingray has violated its tariff with respect to its ability to conduct the system integrity work, we deny the complaint. As a result, we also deny the Producer Coalition’s request for injunctive relief to prevent the pigging operations pending further consultation with its shippers.

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<sup>15</sup> See Stingray Answer at 9.

The Commission orders:

The September 26, 2019 complaint filed by the Producer Coalition is hereby denied, as discussed in the body of this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.