JOHN R. KROGER
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MARY H. WILLIAMS
Deputy Attorney General

DEPARTMENT OF JUSTICE
GENERAL COUNSEL DIVISION

December 2, 2011

Ms. Kimberly D. Bose
Federal Energy Regulatory Commission
888 First Street N.E., Room 1A
Washington DC 20426

Re: Jordan Cove Energy Project, LP Docket No. CP07-444-000
Pacific Connector Gas Pipeline, LP Docket Nos. CP07-441-000
CP07-442-000
CP07-443-000

DOJ File No. 330-050-GN4729-07

Dear Secretary Bose:

Enclosed for filing in the above-referenced dockets:

- STATE OF OREGON'S MOTION TO REOPEN THE RECORD AND REQUEST TO SET ASIDE ORDER.
- Exhibits 1 through 4.
- Compiled Service List.
- Certificate of Filing/Service.

Sincerely,

Mark Schumock for

Janet L. Prewitt
Assistant Attorney General
Natural Resources Section

Enclosure
JLP:jrs/#3118063
c: Service List

BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Jordan Cove Energy Project L.P.	Docket No.	CP07-444-000
Pacific Connector Gas Pipeline, L.P.	Docket No.	CP07-441-000 CP07-442-000 CP07-443-000

STATE OF OREGON'S
MOTION TO REOPEN THE RECORD
AND REQUEST TO SET ASIDE ORDER

Pursuant to Rule 716 of the Rules of Practice of the Federal Energy Regulatory Commission (FERC), 18 CFR § 385.716, the State of Oregon moves the Commission to reopen the record in this matter for submission of additional facts to be considered in deciding the State of Oregon's Petition for Rehearing of the Commission's Order granting authority and issuing certificates for the Jordan Cove Energy Project, L.P (Jordan Cove) liquefied natural gas (LNG) import terminal and associated Pacific Connector Gas Pipeline (collectively "Jordan Cove Project"). The additional facts the State seeks to formally introduce into the record are well-known to the Commission: the Ruby pipeline bringing domestic gas to the region is now operational; Jordan Cove Energy Project, L.P. has applied to the Department of Energy (DOE) for authorization to export natural gas and intends to ask the Commission to amend its existing authorization to add export facilities; and the price of domestic natural gas has remained at a price significantly lower than the price the Commission relied upon to find the project in the public interest.

The State also requests that the Commission set aside its Order authorizing the Jordan Cove LNG import facility and associated Pacific Connector pipeline[1] based on the petitions for rehearing and these additional facts. Until the record in a proceeding shall have been filed in a court of appeals, the Commission may set aside its order at any time. 15 U.S.C. § 717r(a). Jordan Cove states in its application to DOE for authorization to export natural gas that it intends to apply to the Commission to amend the existing authorization by mid-2012 with the expectation that the Commission will authorize the import/export facility by the end of 2013. The Commission should set aside the existing Order and address in a separate proceeding on a new application the public interest of what will be essentially a new proposal for a dual-use, import/export facility and associated pipeline.[2] The State of Oregon submits that a new application, rather than a request to amend the existing authorization, is the appropriate procedure.

MOTION TO REOPEN THE RECORD

Good cause exists because the facts demonstrate a change in core circumstances that goes to the very heart of the case. The heart of this case is whether the Jordan Cove LNG import terminal is in the public interest and the Pipeline is required by public convenience and necessity pursuant to the Natural Gas Act (NGA). The Commission's Order relies on the Project providing an additional imported natural gas supply to the

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1 Order Granting Authority Under Section 3 of the Natural Gas Act and Issuing Certificates, 129 FERC ¶ 61,234 (2009).

2 As the present docket shows, Jordan Cove and Pacific Connector have not obtained the necessary authorizations to begin construction of the import facility and pipeline, including certification under section 401 of the Clean Water Act and concurrence under the Coastal Zone Management Act. The federal land management agencies are unlikely to approve the extensive rights of way across federal lands until June, 2013. Letter from U.S. Bureau of Land Management to Pacific Connector dated August 2, 2011, Docket Nos. CP07-441-000 and CP07-444-000, Accession No. 20110901-0010 (Aug. 31, 2011). In addition, as Jordan Cove's DOE application to export recognizes, the modified facility design to accommodate export, including new liquefaction facilities, will require review under the National Environmental Policy Act. Accordingly, should the Commission set aside the present authorization to import, ample time exists to review the proposed import/export project in its entirety.

region as the benefit that outweighs the adverse impacts on private landowners and the environment. However, the facts the State seeks to submit in the record demonstrate that any benefit that may have existed when the import Project was proposed, no longer exists to offset the adverse impacts of the Project when the facility is intended to export domestic gas.

No further proceedings are required for submission of the facts because the Commission can take official notice of these facts. Reopening the record will not affect the finality of the Commission's decision because the State's Petition for Rehearing is still pending before the Commission.

BACKGROUND

On December 17, 2009, the Commission issued its Order authorizing the siting, operation and construction of the Jordan Cove Energy Project, L.P. liquefied natural gas (LNG) import terminal and issuing a certificate of convenience and necessity to Pacific Connector Gas Pipeline, LP for the 234-mile pipeline from the outlet of the LNG import terminal to Malin, Oregon. On January 19, 2010, the State of Oregon petitioned for rehearing of the Order.[3] The State objected to the Commission's finding that the Project is in the public interest under the NGA because it failed to objectively determine the need for the Jordan Cove Project, in particular because a domestic natural gas pipeline could meet increasing natural gas needs less expensively, more safely and with fewer environmental consequences. Petition for Rehearing at 22-24; *see also* Petition for Rehearing at 33-34 (arguing the Commission also failed to comply with the National

[3] *Pacific Connector Gas Pipeline, LP et al.*, Docket Nos. CP07-441-000 and CP07-444-000, Accession No. 20100119-5109 (Jan. 19, 2010).

Environmental Policy Act because it cursorily dismissed domestic natural gas via pipeline as an alternative to imported LNG to meet increasing demand).

Chairman Wellinghoff dissented from the Order, contending that the Jordan Cove Project is not in the public interest, in part, because development of domestic natural gas infrastructure is the more efficient, reliable and environmentally preferable manner to meet the projected energy needs of the markets the Project is intended to serve. Dissent at 1 and 2; *see also Bradwood Landing LLC*, 124 FERC ¶ 61,257 (2008), Dissent at p. 6 (specifically mentioning the Ruby pipeline project that would bring Rockies gas to the Pacific Northwest and California markets).[4] Chairman Wellinghoff cited the increase in recoverable domestic gas supply as further support that domestic infrastructure is preferable to imported LNG. *Id.*, Dissent at 2 (citing 2009/2010 Energy Market Assessment); *see also Bradwood* Dissent at 5. Finally, Chairman Wellinghoff cited the October 2009 Henry Hub price for natural gas at $5.12 per MMBtu as further evidence that domestic natural gas made greater economic sense over imported LNG. *Id.*, Dissent at 2-3.

In its petition for rehearing, the State objected to the Commission's finding that the Project is in the public interest under the NGA because it failed to objectively determine the need for the Jordan Cove Project, in particular because a domestic natural gas pipeline could meet increasing natural gas needs less expensively, more safely and with fewer environmental consequences. Petition for Rehearing at 22-24; *see also* Petition for Rehearing at 33-34 (arguing the Commission also failed to comply with the

[4]Chairman Wellinghoff incorporated by reference his dissent to the Commision's Order authorizing the Bradwood Landing LNG import terminal and associated pipeline. Dissent at 1. *Bradwood Landing LLC*, 124 FERC ¶ 61,257 (2008).

National Environmental Policy Act because it cursorily dismissed domestic natural gas via pipeline as an alternative to imported LNG to meet increasing demand).

FACTS SOUGHT TO BE SUBMITTED

1. On July 27, 2011, the Commission authorized Ruby Pipeline L.L.C. to commence service of the Ruby Pipeline Project. *Ruby Pipeline L.L.C*, Docket No. CP09-54-000, Accession # 20110727-3034 (July 27, 2011)) (attached hereto as Exhibit 1). The purpose of the Ruby Pipeline is to transport domestic natural gas (1,500,000 dekatherms (Dth) per day from Rocky Mountain production areas (Opal Hub in Wyoming) to west coast markets (Malin Hub in Oregon). *Ruby Pipeline L.L.C*, 131 FERC ¶ 61,007 at P 1 (April 5, 2010). Pursuant to Rule 508, the Commission may take official notice of these facts because they are matters "about which the Commission, by reason of its functions, is expert." 18 C.F.R. 385.508(d).

2. On September 22, 2011, Jordan Cove applied to the Department of Energy for authorization to export natural gas and intends to ask the Commission to amend its existing authorization to add export facilities. The application was preceded by project proponents and investors making public statements, set forth below, that there was no need for imported LNG and that export "makes sense." The application and these statements undermine the purported benefit of the Project as an additional natural gas supply to the region.

A. Application for Long-Term Authorization to Export Liquefied Natural Gas to Free Trade Agreement Nations (Sept. 22, 2011). *See* FERC Docket No. CP07-444-000, Accession No. 20110923-5071 (Sept. 23, 2011).

B. Bob Braddock, of Jordan Cove Energy Project, L.P., is reported to have stated, "there is currently no need for import into North America." "We accept that. If anything makes sense, its export." Ted Sickinger, *El Paso Corp. Cuts the Ribbon on 680-mile Natural Gas Pipeline from Wyoming to Oregon*, The Oregonian at 2 (Sept. 6, 2011) (attached as Exhibit 2).

C. Veresen, Inc. (formerly Fort Chicago Energy Partners L.P.) is the lead investor in the Jordan Cove LNG import terminal and one-third partner of the Pacific Connector Pipeline. Veresen announced that it "continues to explore alternative uses for the proposed Jordan Cove Energy Project and Pacific Connector Gas Pipeline. A number of natural gas producers have expressed interest in converting Jordan Cove from an import facility to a liquefaction and LNG export facility." *Veresen Announces 2011 Second Quarter Results and Updated 2011 Guidance* at 3 (July 28, 2011) (excerpt attached as Exhibit 3).

Rule 508 allows the Commission to take official notice of "any matter that may be judicially noticed by the courts of the United States." 18 C.F.R. 385.508(d). A federal court may take judicial notice of fact that is "capable of accurate and ready determination by resort to sources whose accuracy cannot reasonably be questioned." Fed. R. Evid. 201. The Commission may take judicial notice of these facts on that basis.

3. The current price of domestic natural gas is significantly lower than the price relied upon by project proponents and the Commission to justify a benefit in the public interest from importation of LNG. In issuing the Order, the Commission relied upon an analysis showing domestic natural gas prices of $11.00 per MMBtu. Dissent at 2-3. However, as Chairman Wellinghoff pointed out, the FEIS contained other,

inconsistent domestic and imported domestic gas pricing information, some of which indicated that the price of imported gas might exceed domestic gas prices. *Id.* Chairman Wellinghoff's dissent noted that the October, 2009 Henry Hub price of $5.12 per MMBtu was significantly lower than the prices assumed to demonstrate the benefit from the proposed import project. Domestic gas prices have continued to be in the lower range noted by Chairman Wellinghoff. In August and September, 2011, the price of domestic natural gas has hovered around $4.00 per MMBtu. U.S. Energy Information Administration, *Natural Gas Weekly Update* (Sept. 15, 2011) (attached as Exhibit 4). The Commission may take official notice of these facts based on Rule 508 and Federal Rule of Evidence 201 because the accuracy of these facts cannot reasonably be questioned.

GOOD CAUSE EXISTS TO REOPEN THE RECORD

It is the Commission's policy to reopen the record where there are "extraordinary circumstances," defined as a change in core circumstances that goes to the very heart of the case. *Cal. Indep. Sys. Operator Corp.*, 121 FERC ¶ 61,193, at P 14 (2007) (citations omitted). The Commission's policy is based on the need for finality in the administrative process.

Good cause exists because the facts demonstrate a change in core circumstances that goes to the very heart of the case: whether the Jordan Cove LNG import terminal is in the public interest and whether the Pipeline is required by public convenience and necessity. The Commission's Order relies on the Project providing an additional lower cost natural gas supply to the region as the benefit that outweighs the adverse impacts on private landowners and the environment. The submitted facts demonstrate that any benefit that may have existed when the Project was proposed, no longer exists to offset the adverse impacts of the Project. These facts include: the commencement of service of the Ruby pipeline delivering a supply of gas from the Rockies to the region; Jordan Cove's application to the Department of Energy for authorization to export natural gas and intention to ask the Commission to amend its existing authorization to add export facilities; and the continued low price of domestic natural gas.

REQUEST TO SET ASIDE EXISTING ORDER

The State renews its request that the Commission set aside the existing Order authorizing the import facility and associated pipeline. Even if Jordan Cove and Pacific Connector could demonstrate need for imported LNG at the time of their applications to the Commission, the project proponents cannot support a need for imported LNG now based on the Ruby pipeline commencing service and bringing a new domestic natural gas supply to the region. *See* Exhibit 1 (Ruby pipeline commenced supply of domestic gas to region). In fact, Jordan Cove has applied for authorization to export natural gas and intends to seek to amend the existing order to include export facilities. Finally, the low price of domestic natural gas renders an import facility economically unjustifiable. *See* Exhibit 4. There is no support for the Commission's finding that the Project is in the public interest because there is no purported benefit of providing an additional source of natural gas to the region. *See Turtle Bayou Gas Storage Company, LLC*, 135 FERC ¶ 61,233 at P 32 (denying application for certificate of public convenience and necessity because vague and "generalized findings of the need for natural gas at the national and regional levels" not sufficient to establish need for a particular project to demonstrate public benefit). The appropriate relief is for the Commission to set aside its Order authorizing the Jordan Cove Project.

Not only have the purported benefits changed because there is no longer a justification for an additional source of natural gas, but the assessment of the balance of benefit as compared to the adverse effects on landowners and the granting of eminent domain authority to a private pipeline entity also changes when the purpose of the Project is converted to include export of domestic gas. Section 7 of the Natural Gas Act provides that the Commission must deny an application to construct a pipeline where it is not required by the public convenience and necessity. 15 U.S.C. 717f(e). Based on the Certificate Policy Statement, a certificate cannot issue unless the public benefits outweigh any adverse effects. *Turtle Bayou,* 135 FERC ¶ 61,233 at P 28 (citing 90 FERC at 61,389, 61,396). This requires application of a proportional approach; there must be a greater showing of need to outweigh adverse impacts on landowners. *Id.* (citing 88 FERC at 61,749). The Pacific Connector pipeline will have adverse impacts on the interests of unwilling landowners, just as the Turtle Bayou project would have had an adverse impact on the impacted landowner. *Id.* at P 30-34 (denying application for certificate based on adverse impact on one unwilling landowner, even though the landowner could be compensated through eminent domain proceedings).

In addition, whether the pipeline is required by the public convenience and necessity depends on the purpose of the pipeline. The Commission's assessment of convenience and necessity – balancing benefit and adverse impacts – will necessarily be a different analysis if the purpose of the Pacific Connector Pipeline is to transport domestic natural gas for export, or for export and import, rather than solely to distribute imported natural gas to U.S. consumers within a designated service area.

The State requests that the Commission set aside the existing Order authorizing the import facility and associated pipeline and consider, in a separate proceeding, whether the dual-use import/export facility and pipeline is in the public interest based upon a new application. There are additional and different adverse effects that the Commission must examine in a separate application if the purpose of the Project is a dual-use import/export and associated pipeline, rather than solely an import facility and pipeline intended to deliver additional supply to the region. For example, exportation of domestic natural gas will reduce the supply available to U.S. residential and industrial consumers, likely to result in increasing the domestic price of natural gas, which will have a consequent adverse impact on the regional economy. In addition, the new liquefaction facilities that will be required for export will require substantial amounts of energy and will have significant environmental impacts not considered under the existing license application. Questions concerning the adverse impacts to air, water, safety and health from the liquefaction process, as well as the additional resources required, have not been evaluated and must be reviewed in a separate proceeding before the Commission can determine that the public interest test is met.

CONCLUSION

The evidence the State seeks to submit demonstrates the Jordan Cove Project no longer has a basis to satisfy the Natural Gas Act public interest requirements. Accordingly, the Commission should set aside its Order authorizing the Jordan Cove

LNG import terminal and associated Pacific Connector gas pipeline.[5] If the project proponents wish to develop the Project to export domestic natural gas, as well as import, they must apply to the Commission for that purpose, and the Commission must make its public interest determination based on the stated benefits of export versus the adverse impacts to landowners, health and safety, the environment, the expected increase in the price of domestic natural gas, impacts on the economy, impacts on the country's energy independence, national security, and any other adverse impacts.

Dated this ____ day of December, 2011.

Respectfully submitted,

JOHN R. KROGER
Attorney General

Mark Schumock OSB # 025115
for
Janet L. Prewitt, #85307
Senior Assistant Attorney General
Of Attorneys for the State of Oregon

[5] The Commission should not allow its order to stand based on its policy of authorizing projects then allowing the market to decide which are constructed where the market for imported LNG is no longer the sole purpose of construction of a project that ultimately is intended for an export market.

FEDERAL ENERGY REGULATORY COMMISSION

WASHINGTON, D.C. 20426

OFFICE OF ENERGY PROJECTS

In Reply Refer To:
OEP/DG2E/Gas 1
Ruby Pipeline L.L.C.
Ruby Pipeline Project
Docket No. CP09-54-000
§ 375.308(x)

July 27, 2011
Ms. Susan C. Stires
Director, Regulatory Affairs
Ruby Pipeline, L.L.C.
P.O. Box 1087
Colorado Springs, CO 80944

Re: Authorization to Commence Service of the Ruby Pipeline Project

Dear Ms. Stires:

I grant your July 11, 2011 request for Ruby Pipeline L.L.C. (Ruby) to commence service of the Ruby Pipeline Project. This authorization is based on materials submitted and commitments made by Ruby in its July 11 filing, as well as the reports from our compliance monitors and the inspections conducted by my staff during the weeks of July 11 and 18, 2011. Your request is in compliance with environmental condition 11 of the Commission's April 5, 2010 Order Issuing Certificate (Order) issued to Ruby for this project.

Restoration is not yet complete on the project. However, the right-of-way is sufficiently stabilized and final clean-up work is proceeding satisfactorily. You have indicated that you would retain and commit the equipment and manpower necessary to complete final clean-up and make corrective actions as necessary until restoration is complete. I note that you have committed to retaining environmental inspection and FERC third-party monitoring personnel, at appropriate levels, until both FERC and Ruby agree that additional monitoring is not needed.

In addition, Ruby must continue to file weekly reports until the right-of-way is adequately restored, as determined by my staff. As part of the weekly reports, we expect you to include a regularly updated restoration punch list with the expected and actual completion dates as work on these items progresses. My staff and our compliance monitors will be closely evaluating restoration progress along the entire right-of-way.

Should my staff determine that restoration is not progressing in the manner agreed to by Ruby, the matter may be referred to the Commission's Office of Enforcement for corrective action.

I remind you that Ruby must comply with all applicable remaining terms and conditions of the Order, as well procedures stipulated in your previous filings. If you have any questions regarding this approval, please contact Dave Swearingen at 202-502-6173.

Sincerely,

Lauren H. O'Donnell, Director
Division of Gas – Environment
and Engineering

cc: Public File, Docket No. CP09-54-000

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Document Content(s)

El Paso Corp. cuts the ribbon on 680-mile natural gas pipe line from Wyoming to Oregon

Published: Thursday, September 01, 2011, 10:00 PM Updated: Friday, September 02, 2011, 9:49 AM

By Ted Sickinger, The Oregonian

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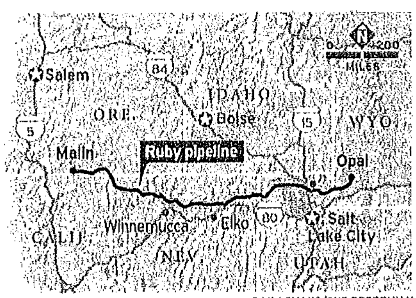

DAN AGUAYO/THE OREGONIAN

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El Paso Corp. will cut the ribbon today on its newest pipeline, a 680-mile, 42-inch diameter behemoth built to carry vast quantities of Rockies natural gas from the Opal hub in Wyoming to **Malin**, on Oregon's border with California.

The $3.5 billion project, which started shipments in late July, opens at a time when demand growth and prices have collapsed from the heady levels when it was conceived. In the short term at least, that's likely to keep gas shipments well below the pipe's capacity of 1.5 billion cubic feet of gas per day, and crimp profits accordingly.

Company officials stress it's a long-term investment. Moreover, ship or pay contracts in place cover more than 70 percent of the pipe's capacity, so the company gets paid regardless.

"Ruby is the right pipeline at the right time," said El Paso spokesman Richard Wheatley. "Competing pipeline proposals did not move forward... If you research the natural gas resource base for the Rockies, it is huge. The additional capacity is definitely needed now and in the future."

Indeed, of more than a half dozen natural gas infrastructure projects proposed for the region three years ago -- each deemed a pressing necessity at the time -- Ruby is the only one that has taken concrete form.

Though the pipe terminates in Oregon, none of the gas -- for now -- will be heating homes, making electricity or powering factories here. Instead, it is aimed at consumers in California, including the San Francisco-based utility giant Pacific Gas & Electric.

That's not to say Ruby has no implications for Northwest gas supply, however.

Indeed, experts say it gives the region another big straw to a gas basin since demand is likely to grow.

In the short run, Ruby puts a market-based exclamation point on the notion that there is no need for terminals in Oregon to import liquefied natural gas. The rationale for those projects relied largely on demand in California -- needs now served by Ruby and the existing TransCanda GTN pipeline that runs through central Oregon.

If anything, Ruby gives weight to the idea to convert LNG import projects to export facilities to serve lucrative gas markets in Asia. Backers of the proposed LNG terminal in Coos Bay and its associated pipeline, which also terminates in Malin, are discussing that notion with U.S. producers and Asian buyers to determine how serious their interest is.

"There is currently no need for import into North America," said Bob Braddock, manager of the Jordan Cove LNG project in Coos Bay. "We accept that. If anything makes sense, it's export."

Braddock said the company plans to finish its licensing for an import facility because most of the money necessary has already been expended. Converting that application to a dual-use facility would involve minimal work, he said, because most of the main structures are the same.

An export terminal and pipeline to the coast from Malin could cost $3.5 billion. Any company that takes a capacity contract would be making a long-term commitment, so a decision may depend on what happens with proposals to build a similar facility in Kitimat, British Columbia, close to shale gas fields being developed inland.

"If people have interest in our facility, it's because they believe there's a need for more than one," Braddock said.

Officials at El Paso say Ruby has sufficient capacity to supply such a facility.

Many believe an Oregon LNG export terminal is still a long shot, but hardly out of the question, according to Ken Zimmerman, a gas market analyst with the **Oregon Public Utility Commission.**

"There's way too much money to be made exporting gas to Asia to write those projects off," he said. "I wouldn't be surprised to see a couple more developers come along and say they want to build export terminals."

Keith White, head of gas supply for Oregon's largest gas utility, Northwest Natural Gas Co., says Ruby will have little immediate impact on his company's customers. The Rockies gas could displace shipments from Canada to California and put a damper on prices at gas hubs in Canada. That could reduce the premium that Oregon consumers typically pay for their supply, three quarters of which comes from Canada.

The new Rockies supply at Malin could also eventually flow north on the existing interstate pipeline through Central Oregon. But that only benefits Northwest Natural if it can solicit sufficient demand and secure regulatory approval for the cross Cascades pipeline it wants to build from Central Oregon into the Willamette Valley. The company backed off its proposal to build a pipe south of Mt. Hood when its anchor customer for the project -- another proposed LNG terminal -- filed for bankruptcy. Yet the utility is still set on building the pipe eventually, and the Rockies supply from Ruby could bolster its argument that the line would provide supply diversity for customers.

Coupled with an economic recovery or demand from new gas fired power plants expected to be built, that could finally push the cross-Cascades Palomar pipeline from Northwest Natural's wish list to a commercially viable project.

--Ted Sickinger

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Exhibit 2
Page 2 of 2
State of Oregon's Motion to Reopen the Record
Ruby Pipeline Project
FERC Docket Nos. CP07-444-00, CP07-441-000, CP07-442-000, CP07-443-000

News Releases

Veresen announces 2011 second quarter results and updated 2011 guidance

Jul 28, 2011
12:38pm

/NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES/

CALGARY, July 28, 2011 /CNW/ - Veresen Inc. ("Veresen" or the "Company") (TSX: VSN) announced today its financial and operating results for the second quarter of 2011.

Highlights for the second quarter include:

- Net income attributable to Common Shares of $17.7 million or $0.11 per Share.
- Distributable cash of $48.7 million or $0.30 per Share.
- Cash from operating activities of $51.0 million
- An affiliate of Aux Sable executed an agreement with a subsidiary of EOG Resources, Inc. to purchase the Stanley Condensate Recovery Plant and the Prairie Rose Pipeline located in the Bakken region of North Dakota. The acquisition closed on July 1, 2011.
- Alliance Pipeline L.P. ("Alliance") announced plans to develop a pipeline and associated facilities in North Dakota to transport liquids-rich natural gas. Hess Corporation has entered into a precedent agreement with Alliance for 'service on the proposed 130-kilometre (80-mile) lateral pipeline, which would connect production from Hess's gas processing facility in Tioga, ND to the Alliance mainline for onward shipment to the Chicago market hub.
- Construction of Aux Sable's Heartland off-gas facility in Fort Saskatchewan, Alberta continues to progress on budget and on schedule, with the plant expected to be operational this summer.
- Construction of the 400 MW gas-fired York Energy Centre in Ontario is progressing very well and the project is on budget and on schedule, with commercial operations expected to begin in the spring of 2012.
- Veresen acquired the remaining 50 percent ownership interest in Culliton Creek, a run-of-river project in British Columbia, bringing the Company's total interest to 100 percent.
- Subsequent to the end of the second quarter, Veresen was awarded contracts for the Grand Valley III (40 MW) and St. Columban I and II (16 MW and 15 MW, respectively) wind projects under the Ontario Power Authority's renewable feed-in-tariff ("FIT") program

"During the second quarter, we made progress on several strategic growth initiatives including two key transactions in the Bakken area of North Dakota," said Stephen White, Veresen's President and Chief Executive Officer. "Aux Sable's acquisition of the Stanley Gas Plant and the Prairie Rose Pipeline, and Alliance's plan to develop the Tioga lateral pipeline and associated facilities, demonstrate our commitment to expand our services and presence in liquids-rich resource plays. These transactions position us to fully utilize and leverage our existing infrastructure assets, and capture future opportunities to provide high-value services to producers and end users."

FINANCIAL HIGHLIGHTS

	Three months ended June 30		Six months ended June 30	
($ Thousands, except per Share amounts)	2011	2010	2011	2010
Revenues				
Pipelines [1]	97,789	100,585	198,300	200,983
Midstream	56,538	45,098	95,296	82,729
Power	33,906	22,203	65,266	44,151
Veresen - Corporate	-	79	13	79
	188,233	167,965	358,875	327,942
Net income (loss) before tax and non-controlling interest				
Pipeline	23,155	24,584	46,799	49,163
Midstream	25,801	20,944	34,174	30,334
Power	(1,789)	(3,180)	(1,341)	(1,800)
Veresen - Corporate	(16,500)	(17,329)	(32,242)	(34,557)
	30,667	25,019	47,390	43,140
Tax expense	(12,795)	(6,600)	(18,141)	(10,647)
Net income attributable to non-controlling interest	(183)	-	(514)	-
Net income attributable to Common Shares	17,689	18,419	28,735	32,493
Per Share ($)	0.11	0.13	0.18	0.23

(1) Net of intersegment eliminations.

Veresen's operating businesses delivered solid financial performance during the second quarter of 2011. For the three months ended June 30, 2011, Veresen generated net

Income attributable to Common Shares of $17.7 million or $0.11 per Share compared to $18.4 million or $0.13 per Share for the same period in 2010. The increase in pre-tax earnings has been offset by higher taxes, which result from the Company's conversion from a limited partnership to a corporate structure on January 1, 2011. Further, net income per Share reflects the additional shares Veresen issued over the past 12 months to fund the Company's growth initiatives.

Veresen's financial results for the three months ended June 30, 2011 reflect positive progress in the execution of the Company's growth strategy. In particular, Aux Sable's focus on attracting liquids-rich natural gas from the prolific shale regions of the Montney and the Bakken drove increased net income from Veresen's midstream business. Higher heat content natural gas, coupled with continued strong NGL market conditions, resulted in the recognition of $27.4 million in margin-based lease revenues for the second quarter of 2011, up from $22.1 million for the same period last year.

Veresen's power business also generated strong earnings from operations. Adjusted earnings before interest, depreciation, amortization and other non-cash charges from Veresen's power business (Adjusted EBITDA - Power) increased to $15.0 million for the second quarter of 2011 compared to $8.2 million for the same period last year. The Company's recently acquired run-of-river hydro facilities achieved excellent second quarter results due to very high water flows at each location. Adjusted EBITDA - Power also reflects increased contributions from Veresen's gas-fired power facilities and district energy systems. These increases were more than offset by non-cash fair value losses related to held-for-trading financial instruments, and increased development costs, primarily associated with Veresen's run-of-river and wind power projects, depreciation, and interest costs related to higher debt levels. (See reconciliation of Adjusted EBITDA - Power to Power net income before tax and non-controlling interest in the tables attached to this news release.)

Earnings from Veresen's pipeline business, comprised of Alliance and AEGS, decreased by $1.4 million primarily due to the ongoing reduction in equity returns on Alliance's investment base and, to a lesser extent, the effect of the stronger Canadian dollar.

Corporate costs for the three-month period ended June 30, 2011 decreased by $0.8 million compared to the same period last year. Reduced spending on non-power development projects and lower foreign exchange losses offset higher administrative costs, and higher interest costs.

Distributable Cash [1]

	Three months ended June 30		Six months ended June 30	
($ Thousands, except per Share amounts)	2011	2010	2011	2010
Pipeline	36,458	33,881	76,266	67,842
Midstream	27,557	23,583	35,773	34,370
Power	9,140	2,669	13,864	4,461
Veresen - Corporate	(12,639)	(9,971)	(25,051)	(19,331)
Taxes	(11,825)	(886)	(15,464)	(6,347)
	48,691	49,276	85,388	80,985
Per Share ($)	0.30	0.34	0.53	0.57
Cash from operating activities	50,978	41,062	116,931	107,329

(1) This item is not a standard measure under GAAP and may not be comparable to similar measures presented by other entities. See reconciliation of distributable cash to cash from operating activities in the schedules attached to this news release. For more information about non-GAAP measures used by Veresen, see the section entitled "Non-GAAP Financial Measures" contained in Veresen's June 30, 2011 Management's Discussion & Analysis.

Distributable cash for the three months ended June 30, 2011 was $48.7 million or $0.30 per Share, compared to $49.3 million or $0.34 per Share for the same period in 2010, reflecting:

- contributions from Veresen's recently acquired run-of-river hydro facilities and the Company's increased ownership in East Windsor Cogeneration. Veresen's other gas-fired power facilities and district energy systems also performed very well during the second quarter, generating higher distributable cash relative to the same periods last year,
- higher margin-based lease revenues being recognized, due to higher heat content natural gas being delivered to Aux Sable's Channahon Facility and continued strong NGL market conditions. Midstream distributable cash also includes distributions generated from Aux Sable's infrastructure assets in the Montney region;
- Alliance's collection and distribution of a non-renewal charge In January 2011, Alliance began collecting a non-renewal charge on the US portion of its pipeline system, representing an exit fee for shippers who did not elect to extend their transportation contracts beyond December 1, 2015; and
- higher corporate administrative and interest costs, and increased cash taxes compared to the same period last year. In addition to higher taxable earnings from Aux Sable, the period-over-period cash tax increase reflects the effect of Veresen's use of tax losses in the second quarter of 2010, made available through corporate restructuring, which significantly lowered cash taxes in that period

While distributable cash for the second quarter of 2011 approximated amounts generated for the same period last year, distributable cash per Share decreased due to additional Shares being issued over the past 12 months to fund the Company's various growth initiatives.

Veresen generated $51.0 million of cash from operating activities for the second quarter of 2011 compared to $41.1 million for the same period last year. The increase is due to higher operating cash flows from Veresen's midstream business, reflecting higher margin-based lease revenues generated, and from our pipeline business, reflecting increased recoveries from shippers and changes in non-cash operating working capital. These increases were partially offset by higher cash outflows for corporate tax payments, interest and administrative costs, and lower cash inflows from Veresen's power operating activities, reflecting changes in non-cash operating working capital.

OPERATING RESULTS

Pipelines

Alliance's transportation deliveries for the three months ended June 30, 2011 averaged 1.519 billion cubic feet per day, compared to 1.582 bcf/d for the same period last year. Alliance's ability to offer higher Authorized Overrun Service levels has been reduced due to maintenance work. The lower volumes have not impacted firm transportation service or earnings.

Toll volumes for AEGS for the second quarter of 2011 were 287.8 thousand barrels per day, up slightly from 283.1 mbbls/d for the same period last year.

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Midstream

During the three months ended June 30, 2011, Aux Sable processed 94 percent of the natural gas delivered by Alliance, down slightly from the same period last year due to a planned maintenance outage in May 2011. Planning is well underway for Aux Sable to conduct scheduled major maintenance and inspection work on its de-ethanization facilities at Channahon, Illinois. This work is planned for the third quarter of 2011 and is expected to take three weeks. Aux Sable has developed an approach to this work that will allow it to recover propane plus products from two-thirds of the natural gas delivered by Alliance during this maintenance period.

Aux Sable sold 69.9 mbbls/d of NGLs during the three months ended June 30, 2011, compared to 74.6 mbbls/d for the same period in 2010. Average ethane volumes increased to 40.2 mbbls/d during the second quarter of 2011, from 39.4 mbbls/d in the same period last year. The increased ethane sales volumes reflect the impact of higher heat content in the natural gas and higher ethane recoveries, which more than offset the effects of the May 2011 maintenance outage and lower volumes delivered by Alliance. The latter two factors, along with the impact of higher propane inventories at period-end, resulted in lower propane plus sales volumes during the second quarter of 2011, which decreased to 29.7 mbbls/d from 35.2 mbbls/d for the same period last year.

Power

During the three months ended June 30, 2011, Veresen's power facilities performed as expected. No significant operational issues were experienced at the Company's power facilities during the second quarter of 2011. As expected, due to higher river flows, power generated by Veresen's run-of-river facilities improved significantly in the second quarter of 2011 compared to the first quarter of 2011.

Construction of the 400 MW gas-fired York Energy Centre is progressing very well and the project is on budget and on schedule, with commercial operations expected to begin in spring 2012.

Pending receipt of final government approval, Veresen is ready to start construction at its Dasque-Middle run-of-river project, a 20 MW project located near Terrace, British Columbia. The estimated capital cost for this project is $73 million, which Veresen intends to fund by drawing on its Revolving Credit Facility. Veresen expects this project will be completed and in-service in late 2012 or early 2013.

In Ontario, Veresen is also advancing its plans to construct the first two phases of the Grand Valley wind project, in which the Company holds a 75 percent ownership interest. As part of the Ontario Power Authority's Renewable Energy Standard Offer Program and FIT Program, Grand Valley was awarded 9 MW and 11 MW contracts for phases I and II, respectively, each with 20-year terms. Veresen has received the necessary permit approvals and plans to begin construction in August 2011. Commercial in-service is projected for the second quarter of 2012. Veresen's share of the estimated capital cost for Grand Valley I and II is $44 million. The Company intends to fund these projects by drawing on its Revolving Credit Facility.

Corporate and Business Development

Veresen is focused on a number of initiatives that will fully utilize and leverage the existing infrastructure capabilities of the Alliance pipeline and Aux Sable's Channahon Facility. Veresen's strategy for growing its midstream business is predicated on its plans to buy, build and/or commercially contract energy infrastructure assets. During the second quarter, Aux Sable successfully executed on this strategy with the acquisition of the Prairie Rose Pipeline and the Stanley Gas Plant in the Bakken shale oil play of North Dakota. This acquisition provides Aux Sable with a strategic infrastructure position to provide producer services to attract very rich Bakken natural gas to the Channahon Facility by way of the Prairie Rose and Alliance pipelines.

Veresen's strategy also includes the development of targeted gas gathering pipelines to increase connected gas supplies, as well as trucking both NGLs and flare gas to the Stanley Gas Plant. As a result of rapid oil exploration activity in this region and the current early-stage level of gas gathering pipelines, a significant amount of associated natural gas is being flared. Aux Sable is advancing plans to capture this gas and bring it to market which will result in significant economic and environmental benefits for the region and for producers. Aux Sable is also expanding its rail off-load capacity at the Channahon facility for shale-based unfractionated NGLs.

During the second quarter, Alliance announced plans to develop a pipeline and associated facilities in North Dakota. If constructed, Alliance's Tioga lateral pipeline will allow production from Hess' gas processing facility, the largest plant in the Bakken, to connect with the Alliance mainline for onward shipment to the Chicago market. Alliance plans to hold an open season this summer to identify further shipper transportation needs.

The Bakken is a dynamic region with many opportunities. As Veresen, Aux Sable and Alliance continue to execute their collective strategies, Veresen believes this strategic infrastructure position will add substantial value and be beneficial for the long-term recontracting of the Alliance pipeline and for rich liquids supply at Channahon. Moreover, Alliance is well-positioned to redesign its suite of services to capture the market opportunities that lie ahead across the entire Alliance system, which reaches the significant basins in the Bakken/Three Forks and Montney regions.

Veresen is also advancing its portfolio of power development projects which are primarily focused on hydro and wind renewable power generation. During the second quarter, Veresen acquired the remaining 50 percent ownership interest in Culliton Creek, a British Columbia run-of-river project, bringing the Company's total interest to 100 percent. Veresen is advancing this project through the permitting process and construction is expected to commence in the fourth quarter of 2011.

Veresen continues to explore alternative uses for the proposed Jordan Cove Energy Project and Pacific Connector Gas Pipeline. A number of natural gas producers have expressed interest in converting Jordan Cove from an import facility to a liquefaction and LNG export facility.

Updated 2011 Guidance

Veresen has updated its guidance for 2011 distributable cash to be in the range of $1.11 per Share to $1.35 per Share, up from previous guidance issued May 12, 2011, of $1.05 per Share to $1.30 per Share. The increased midpoint in the Company's guidance range primarily reflects strong year-to-date performance from its midstream business and new sources of distributable cash from its midstream growth initiatives. These factors have been partially tempered by the continuing strength in the Canadian dollar. Further details concerning 2011 guidance can be found in the "Investor Information" section of Veresen's web site - www.veresen inc.com.

Conference Call

A conference call to discuss Veresen's 2011 second quarter results will be held on Thursday, July 28, 2011 at 1:30 pm MT (3:30 pm ET). The call can be accessed at 1 (888) 231-

U.S. Energy Information Administration

NATURAL GAS

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Natural Gas Weekly Update

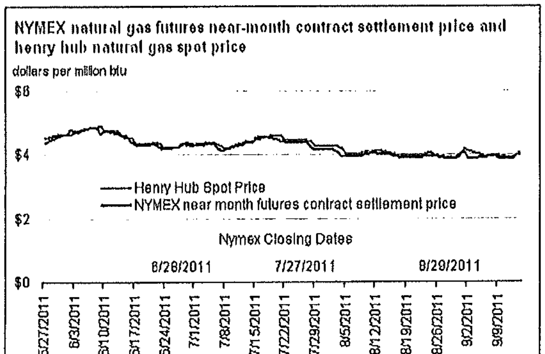
Printer-Friendly Version
Previous Issues
Weekly Natural Gas Storage Report
Natural Gas Analysis

Released: September 15, 2011 at 2:00 P.M.
Next Release: Thursday, September 22, 2011

Overview Prices Storage Other Market Trends

Overview (For the Week Ending Wednesday, September 14, 2011)

- A touch of autumn in the air combined with hopes for the eventual return of winter was likely the catalyst enabling natural gas prices to recapture the $4 mark this week despite an environment of negative consumption fundamentals and continued strong production. At the New York Mercantile Exchange (NYMEX), the October 2011 natural gas contract advanced 9.9 cents per million Btu (MMBtu) to close at $4.039 per MMBtu over the week.
- The Henry Hub price oscillated in a similar but narrow range before closing up 5 cents for the week at $4.01 per MMBtu on September 14.
- Working natural gas in storage rose last week to 3,112 billion cubic feet (Bcf) as of Friday, September 9, according to the U.S. Energy Information Administration's (EIA) *Weekly Natural Gas Storage Report (WNGSR)*. The implied increase for the week was 87 Bcf, leaving storage volumes positioned 140 Bcf under year-ago levels.
- The natural gas rotary rig count, as reported September 9 by Baker Hughes Incorporated, fell by 3 to 892 active units. Meanwhile, oil-directed rigs were down 7 to 1,057 units.



Source: Natural gas prices, *NGI's Daily Gas Price Index* (http://intelligencepress.com); Reuters News Service (http://www.reuters.com).

More Summary Data

Prices

At the NYMEX, the October 2011 contract increased 9.9 cents (2.5 percent) from $3.940 per MMBtu last Wednesday to $4.039 per MMBtu yesterday. The contract surged 15.4 cents over Tuesday and Wednesday in a possible mind set shift to hopes of more Winter-like loads occurring later in the future despite indications of continued robust short-term production and lack of near-term supporting weather loads.

Spot Prices ($ per MMBtu)	Thu 8-Sep	Fri. 9-Sep	Mon. 12-Sep	Tue. 13-Sep	Wed. 14-Sep
Henry Hub	3.99	3.96	3.92	3.96	4.01
New York	4.24	4.16	4.24	4.30	4.28
Chicago	4.02	3.96	3.98	4.05	4.10
Cal. Comp. Avg.*	4.20	4.13	4.07	4.11	4.17
Futures ($/MMBtu)					
October delivery	3.980	3.916	3.885	3.980	4.039
November delivery	4.068	3.998	3.966	4.054	4.117

*Avg. of NGI's reported avg. prices for: Malin, PG&E citygate, and Southern California Border
Source: NGI's Daily Gas Price Index (http://intelligencepress.com).

The Henry Hub price echoed the week's general cash market price increase to recapture the $4 handle by rising 1.2 percent from $3.96 per MMBtu the

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previous Wednesday to $4.01 per MMBtu yesterday. As the accompanying table shows, the Henry Hub cash price meandered in a narrow 3 to 4 cent range most of the week before advancing 9 cents the last two days. On Monday and Tuesday, the Henry Hub price was less than the NYMEX October futures contract which could have been an incentive to spur purchase of attractively-priced gas for storage and served to close the gap with the NYMEX futures price.

End-market natural gas prices generally followed the lead of their wholesale counterparts and responded in kind to upstream gyrations despite neutral weather prospects. The New York citygate price, which started the week at $4.20 per MMBtu showed a 3 cent price range until starting upward on Monday. The New York citygate price increased by $0.08 per MMBtu over the period (Wednesday to Wednesday) to close at $4.28 per MMBtu (up 1.9 percent). During the same period, the Chicago citygate price rose $0.13 per MMBtu and ended the week at $4.10 per MMBtu (up 3.2 percent).

In a swing to the approach of more benign fall temperatures, consumption registered a modest decline for the week. According to estimates from BENTEK Energy Services, LLC, domestic gas consumption decreased this week by 1.9 percent over last week. The power sector led the decrease with a loss of 4.1 percent, largely reflective of regions in Texas which finally returned to more seasonal temperatures. The residential/commercial sector posted a modest 0.2 percent decrease in consumption while the industrial sector also saw a token 0.1 percent decline.

In the midst of this week's decreasing consumption yet narrow price environment, overall supply was up significantly. According to BENTEK Energy estimates, the week's average total nominal gas supply posted a 3.3 percent increase from last week's level. Domestic weekly dry gas production averaged 62.1 Bcf per day (up 3.3 percent) from the previous week. Domestic dry gas production now stands 7.6 percent above this time last year. The week's production gain was further augmented by a 4.0 percent increase in Canadian imports averaging 5.2 Bcf per day. However, Canadian imports remain 16.8 percent below year-ago volumes. Any supply gains remained anemic in the liquefied natural gas (LNG) arena during the week where imports came in at 380 million cubic feet (MMcf) per day and remain 52.7 percent below year-ago levels.

Estimated Average Wellhead Price	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11
Price ($ per Mcf)	$3.90	$3.98	$4.12	$4.19	$4.27	$4.20
Price ($ per MMBtu)	$3.80	$3.87	$4.00	$4.08	$4.16	$4.09

Note: Prices were converted from $ per Mcf to $ per MMBtu using an average heat content of 1,028 Btu per cubic foot. Source: Energy Information Administration, Office of Oil and Gas.

More Price Data

Storage

Working natural gas in storage rose to 3,112 Bcf as of Friday, September 9, according to EIA's WNGSR (see Storage Figure). Following a net injection of 87 Bcf from the previous week, stocks are now 140 Bcf below last year and 52 Bcf less than the 5-year average. The injection was less than last year's build of 96 Bcf but larger than the 5-year average injection of 79 Bcf.

The East Region registered its fifth consecutive week of above average builds. The region's deficit to the 5-year average continues to shrink after a build that was 7 Bcf above average. The East Region remains a significant 89 Bcf below the 5-year average. The Producing Region is now 37 Bcf above the 5-year average while the West Region is equal to the 5-year average after a slightly smaller than normal build.

Temperatures during the week ending Thursday, September 8, cooled off considerably, averaging 71.1 degrees, 3.7 degrees cooler than last week(see Temperature Maps and Data). Temperatures were typical of this time of year, averaging 0.9 degrees warmer than normal and 0.1 degrees warmer than last year. Regionally, temperatures were higher than normal in the West and Northeast, offset by some cooler than normal regions in the South and Midwest. Cooling degree-days were about 17 percent above average for the country as a whole.

All Volumes in Bcf	Current Stocks 9/9/11	One-Week Prior Stocks 9/2/11	Implied Net Change from Last Week	Estimated Prior 5-Year (2006-2010) Average	Percent Difference from 5-Year Average
East Region	1,695	1,636	59	1,784	-5.0
West Region	436	430	6	436	0.0
Producing Region	981	959	22	944	3.9
Total Lower 48	3,112	3,025	87	3,164	-1.6

Source: Energy Information Administration: Form EIA-912, "Weekly Underground Natural Gas Storage Report," and the Historical Weekly Storage Estimates Database. Row and column sums may not equal totals due to independent rounding.

More Storage Data

Other Market Trends

BOEMRE Reorganization to be Completed in October. The Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEMRE) will divide into two entities in October, according to notices released by the agency. This will complete a plan announced in May 2010 to divide the former Minerals Management Service (MMS) into three agencies (the first phase of the plan was completed a year ago with transfer of revenue collection functions). The revenue collection agency, the Bureau of Ocean Energy Management (BOEM), will be responsible for managing development of offshore resources, while the new Bureau of Safety and Environmental Enforcement (BSEE) will enforce safety and environmental regulations. The division of the agencies separates resource management from safety oversight and strengthens the role of environmental review in the agency. In May 2010, the MMS was reorganized and split into three entities: one that would handle revenue collection and royalty issues; a second to ensure responsible development of offshore resources; and a third to enforce safety and environmental regulations.

Natural Gas Rigs Drop for Third Consecutive Week. The natural gas rotary rig count fell by 3 to 892, according to data released on September 9 by Baker Hughes Incorporated. This is the third consecutive week natural gas rigs have fallen, though declines have been small each week. The oil rig count, which had risen for 19 consecutive weeks until the beginning of September, also fell this week, to 1,057. This number, however, is still historically very high. Rigs in all categories, horizontal, vertical, and directional (which include both natural gas and oil rigs), posted small declines week over week. Most states saw somewhat small changes in their rig counts, but Texas and Oklahoma were two notable exceptions. In Texas, the total rig count fell from 898 the week ending September 2 to 884 the week ending September 9. In Oklahoma, on the other hand, total rigs rose from 195 to 203, according to Baker Hughes.

See Weekly Natural Gas Storage Report for additional Natural Gas Storage Data.
See Natural Gas Analysis for additional Natural Gas Reports and Articles.
See Short-Term Energy Outlook for additional Natural Gas Prices, Supply, and Demand.

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CERTIFICATE OF FILING/SERVICE

I hearby certify that on December 2, 2011, I filed the attached STATE OF OREGON'S MOTION TO REOPEN THE RECORD AND REQUEST TO SET ASIDE ORDER, Exhibits 1 through 4, with Kimberly D. Bose, Federal Energy Regulatory Commission, 888 First Street, N.E., Room 1A, Washington, D.C. 20426 by electronic mail.

I further certify that on December 2, 2011, I served by electronic mail, and for those parties for which service is not specified at an electronic mail address, by U.S. Mail, first class postage prepaid, the foregoing document on all parties listed on the official service list compiled on this proceeding.

OSB #05515 for

Janet L. Prewitt, #85307
Senior Assistant Attorney General