

January 19, 2010

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Via Hand Delivery

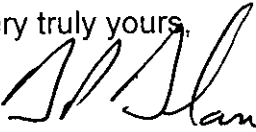
James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Laser Marcellus Gathering Company, LLC Application for Certificate of
Public Convenience
Docket No. A-_____

Dear Secretary McNulty:

Enclosed please find an original and three copies of a certificate evidencing service of Laser Marcellus Gathering Company, LLC's Application for Certificate of Public Convenience, along with a check in the amount of \$350.00 to cover the filing fee. Copies of this Application have been served on the parties to this matter as indicated on the attached certificate of service.

Very truly yours,



Daniel P. Delaney
PA Attorney I.D. 23955
Counsel for Laser Marcellus Gathering Company, LLC

Enclosures

c: Service List

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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Laser Marcellus Gathering :
Company, LLC for Approval to Begin to :
Offer, Render, Furnish, or Supply :
Natural Gas Gathering and Transporting : Docket No. A-_____
or Conveying Service by Pipeline to the :
Public in Certain Townships of :
Susquehanna County, Pennsylvania. :
:

APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE

Laser Marcellus Gathering Company, LLC ("Applicant" or "Laser Marcellus"), pursuant to Sections 1102 and 1103 of the Public Utility Code, 66 Pa.C.S. §§ 1102, 1103, and Sections 5.11-5.14 of the Public Utility Commission's ("Commission") regulations, 52 Pa. Code §§ 5.11-5.14, submits this application to the Commission for approval to begin to offer, render, furnish, or supply natural gas gathering, transporting or conveying service by pipeline to the public in the Townships of Apolacon, Choconut, Forest Lake, Great Bend, Jessup, Liberty, Middletown, and New Milford in Susquehanna County, Pennsylvania. In support of this Application, Laser Marcellus respectfully represents the following:

CONTACT INFORMATION

1. The name and address of the Applicant are:

Laser Marcellus Gathering Company, LLC
333 Clay, Suite 4500
Houston, Texas 77002
(713) 655-9500

2. The name and address of the attorneys for Laser Marcellus are:

Daniel P. Delaney
PA Attorney I.D. 23955
dan.delaney@klgates.com
George A. Bibikos
PA Attorney I.D. 91249

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george.bibikos@klgates.com
K&L Gates LLP
17 N. Second Street, 18th Floor
Harrisburg, PA 17101
(717) 231-4500
(717) 231-4501 (facsimile)

3. The contact persons for Laser Marcellus are:

I. J. Berthelot, II, President
chipb@lasermidsream.com
Paul Doll, Vice President
pdoll@lasermidstream.com
Laser Marcellus Gathering Company, LLC
333 Clay Street, Suite 4500
Houston, TX 77002
(713) 655-9500

COMPANY INFORMATION

4. Laser Marcellus is a Delaware Limited Liability Company whose sole member is Laser Midstream Energy, LP ("Laser Midstream"), a limited partnership also organized under the laws of Delaware. Laser Midstream is owned 80% by Energy Spectrum Partners V and 20% by other private investors including its management team.

5. Laser Marcellus is a natural-gas midstream company. Its primary purpose is to construct, build, own, and operate natural-gas gathering and transportation facilities and to provide gathering and transportation services to producers of Marcellus Shale gas in Pennsylvania and New York. Both Laser Marcellus and its affiliates have experience providing natural-gas gathering and transportation services. Laser Marcellus is affiliated with entities that own and operate eight gas gathering systems in Texas, comprised of approximately 590 miles of pipe. The Texas systems either are newly constructed systems or are converted crude oil lines acquired from an unaffiliated company (Plains All American) in 2008. Neither Laser Marcellus, nor any of its

affiliates, own any interstate pipelines. Neither Laser Marcellus, nor any of its affiliates, own any intrastate pipelines in Pennsylvania.

NATURE AND LOCATION OF PROPOSED SERVICES

6. Laser Marcellus is proposing to construct a natural-gas gathering and transportation pipeline in Susquehanna County, Pennsylvania, in the townships of Great Bend, Liberty, Franklin, Silver Lake and Forest Lake that will extend into Broome County, New York, to the tie-in with an interstate pipeline ("Millennium Pipeline"). A map of the location of the gathering and transportation system is attached at Tab "A." Laser Marcellus will provide service in the Townships of Apolacon, Choconut, Forest Lake, Great Bend, Jessup, Liberty, Middletown, and New Milford of Susquehanna County. As described below, the Laser Marcellus gathering system will be constructed to accept natural gas from wells in Pennsylvania and New York that have been and will be drilled by *unaffiliated natural-gas* producers with which Laser Marcellus has entered into gathering and transportation agreements.

7. Laser Marcellus' sole business will be the gathering and delivery of gas. Laser Marcellus will not hold title to the gas moved through its facilities, nor will the company engage in the marketing of gas for others. All of the gas moved to the Millennium interstate pipeline in New York will be production from wells owned by natural-gas producers with which Laser Marcellus has a gathering and transportation agreement. There will be no direct sales from Laser Marcellus's gathering and transportation system before delivery into interstate facilities. At this time, Laser Marcellus has entered into a gathering agreement with an unaffiliated producer. Laser Marcellus will furnish service to natural-gas producers operating in the service territory.

FACILITIES

8. Laser Marcellus will construct, operate, and maintain its gathering and transportation system and facilities in accordance with pipeline safety regulations promulgated by the United States Department of Transportation as required by Section 59.33 of the Commission's regulations, 52 Pa. Code § 59.33. Laser Marcellus is considering the construction of either a 12" or 16" pipeline. Its proposed gathering and transportation system will be a "backbone style" gathering system that will span 30 miles (21 miles in Pennsylvania and 9 miles in New York) with up to six lateral lines ranging in length of approximately 1 to 6 miles each. The entire system will consist of approximately 111,000 feet of 12" or 16" diameter steel pipeline with approximately an additional 70,000 feet of 10" diameter or smaller laterals in Susquehanna County, Pennsylvania, in the townships of Great Bend, Liberty, Franklin, Silver Lake and Forest Lake and extending into Broome County, New York, to the tie-in with Millennium. Approximately 3000 feet southwest of the delivery point at Millennium; Laser Marcellus will install a compressor facility comprised of three 1,380 horsepower compressors in order to meet the line pressure of Millennium. The compressor facility also will include a pig receiver, various gas/liquid separators, scrubbers, liquid tanks, and dehydration equipment (all located in Broome County, New York). At present there are no plans for a gas treatment or processing facility on the gathering and transportation system. The initial capacity of the gathering and transportation system will be 70,000 mcf/day.

9. Laser Marcellus has conducted a preliminary siting of the pipeline that has been adjusted for governmental concerns and to minimize impact to wetlands, the avoidance of state and local parks, population density with a bias towards less populated areas, constructability and terrain, local landowner concerns including a bias

towards property lines and feed back that was obtained through a public meeting (with all landowners affected and local officials invited) on December 7, 2009. Laser Marcellus continues to negotiate right-of-way easements based upon fair market land valuations with the affected landowners.

OTHER SERVICE PROVIDERS

10. Laser Marcellus is unaware of any other company furnishing similar service in the proposed service territory.

FINANCIAL

11. Laser Marcellus will be an active gathering and transportation company based on existing agreements and anticipated future development in the area. A Tentative Balance Sheet for pre- and post- construction of the gathering and transportation system is attached at Tab "B." The capital for the project will be provided by Laser Marcellus' equity partners.

RATES, REVENUES, AND EXPENSES

12. Laser Marcellus' proposed maximum initial rate for gathering and transportation services is \$0.75/mcf (or mmbtu). The Applicant also intends to charge separate fees for compression and dehydration. Laser Marcellus anticipates that gathering and transportation rates with additional producers in the service area will be negotiated as will be provided in Laser Marcellus' tariff. A copy of the proposed tariff is attached at Tab "C." Revenue will be based on the gathering and transportation rates charged to customers multiplied by the number of mcfs (or mmbtus) transported through the Laser Marcellus pipeline. Laser Marcellus anticipates that its expenses will be pipeline operations and maintenance costs, costs of renting/leasing and operating compressors, and related equipment.

ANTICIPATED DATE OF SERVICE

13. Laser Marcellus anticipates that it will begin to furnish gathering and transportation services to operators in the service territory in 2010 following the issuance of a certificate of public convenience by the Commission.

ANTICIPATED FUTURE DEVELOPMENT

14. Laser Marcellus anticipates that the presence of the gathering and transportation system will enhance drilling activity in the area, and Laser Marcellus will gather and transport gas from other producers desiring that service. Assuming continued development in the portion of the Marcellus Shale near the gathering and transportation system and interest by producers in using the gathering and transportation services of Laser Marcellus, the initial system could be expanded to accommodate increased deliveries by adding compression units at field receipt points in Susquehanna County. If there is further development of the Marcellus Shale formation and continued interest in Laser Marcellus' services, the gathering and transportation system could be further expanded by adding another delivery point into either Tennessee Gas Pipeline Company or the Stagecoach Natural Gas Storage Facility in Susquehanna and Bradford Counties in Pennsylvania.

OTHER REGULATORY APPROVALS

15. Laser Marcellus has petitioned the Federal Energy Regulatory Commission ("FERC") for a declaration that it will not be subject to FERC jurisdiction as a result of its proposed gathering and transportation services. The FERC petition is docketed at No. CP10-35-000 and was filed December 23, 2009. A copy of the FERC declaratory order petition is attached at Tab "D." Laser Marcellus will also file an Application for a Certificate of Environmental Compatibility and Public Need for the

Construction of a Natural Gas Gathering Pipeline with the New York Public Service Commission ("NYPSC") for authority to offer gathering and transportation services within New York.

16. Laser Marcellus anticipates that the FERC will not exercise federal jurisdiction over the gathering services and that NYPSC will exercise jurisdiction over the New York intrastate services offered by Laser Marcellus. Laser Marcellus will promptly notify the Commission of any developments in these related cases.

17. Laser Marcellus will also apply for all necessary environmental permits from the Pennsylvania Department of Environmental Protection. Laser Marcellus has submitted an application to join and participate in Pennsylvania One Call.

PUBLIC NECESSITY

18. The significant gas exploration and development in the Marcellus Shale formation in northeast Pennsylvania and southwest New York and substantial additional well drilling planned for the near future necessitates the construction of gathering and transportation systems such as Laser Marcellus' to collect and transport gas to interstate pipelines for redelivery to markets in the northeastern portion of the United States. Given the dramatic increase in natural-gas production in Pennsylvania (including in Susquehanna County), resulting from the Marcellus Shale development, the lack of gathering and transportation services in the proposed territory and the need for those services, Laser Marcellus's proposed service provides a substantial benefit to the public. The proposed gathering services also will generate economic activity in Pennsylvania and foster the production of Pennsylvania's natural resources.

CONCLUSION

WHEREFORE, Laser Marcellus respectfully requests the Commission to adopt and enter an order which

1. Issues a certificate of public convenience authorizing the services described in this Application, and
2. Provides any additional relief that is just and reasonable under the circumstances.

Respectfully submitted,



Daniel P. Delaney
PA Attorney I.D. 23955
George A. Bibikos
PA Attorney I.D. 91249

Counsel for Laser Marcellus Gathering
Company, LLC

K&L Gates LLP
17 North Second Street, 18th Floor
Harrisburg, PA 17101-1507
(717) 231-4500
(717) 231-4501 (Fax)
dan.delaney@klgates.com
george.bibikos@klgates.com

Dated: January 19, 2010

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Laser Marcellus Gathering :
Company, LLC for Approval to Begin to :
Offer, Render, Furnish, or Supply :
Natural Gas Transporting or Conveying : Docket No. A-_____
Service by Pipeline to the Public in Great :
Bend, Liberty, Franklin, Silver Lake and :
Forest Lake Townships, Susquehanna :
County, Pennsylvania :

VERIFICATION

I, I.J. Berthelot, II, hereby state that the facts set forth in the foregoing Application are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

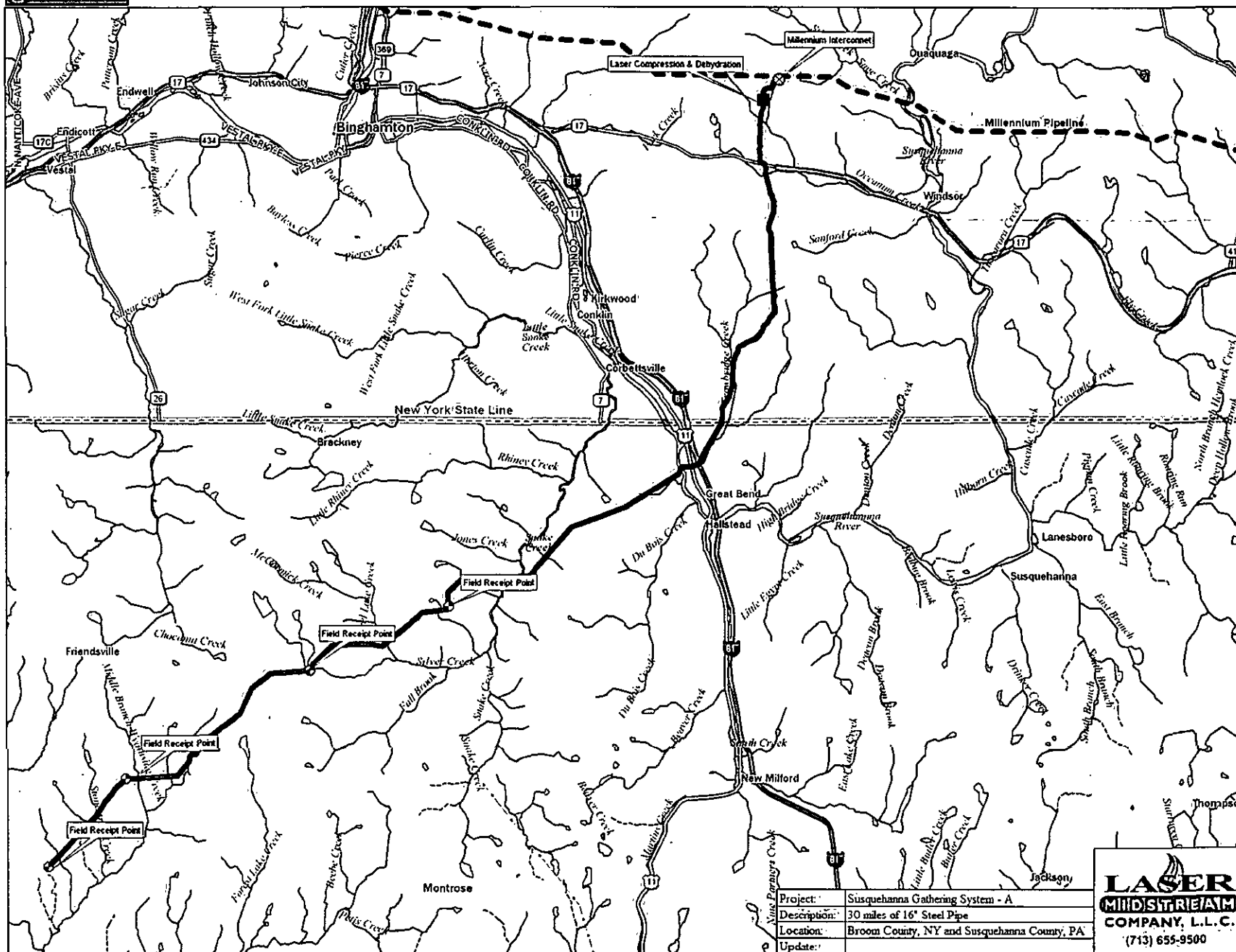
Date: JANUARY 12, 2010



I.J. Berthelot, II
President
Laser Marcellus Gathering Company,
LLC

A

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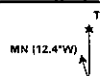
Project:	Susquehanna Gathering System - A
Description:	30 miles of 16" Steel Pipe
Location:	Broom County, NY and Susquehanna County, PA
Update:	

LASER
MIDSTREAM
COMPANY, L.L.C.
 (713) 655-9500

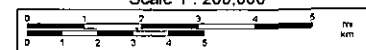
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www.delorme.com



Scale 1 : 200,000



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B

LASER MARCELLUS GATHERING COMPANY, LLC

PROJECTED BALANCE SHEET

January 31, 2010

ASSETS

Cash \$ 37,000,000

Total Assets \$ 37,000,000

LIABILITIES and MEMBER'S CAPITAL

Liabilities \$ -

Member's Capital \$ 37,000,000

Total Liabilities and Member's Capital \$ 37,000,000

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LASER MARCELLUS GATHERING COMPANY, LLC

PROJECTED BALANCE SHEET

June 30, 2010

ASSETS

Cash	\$ 500,000
Fixed Assets	<u>\$ 36,500,000</u>
Total Assets	<u><u>\$ 37,000,000</u></u>

LIABILITIES and MEMBER'S CAPITAL

Liabilities	\$ -
Member's Capital	<u>\$ 37,000,000</u>
Total Liabilities and Member's Capital	<u><u>\$ 37,000,000</u></u>

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LASER MARCELLUS GATHERING COMPANY, LLC
333 Clay Street, Suite 4500
Houston, TX 77002

GAS – PA PUC No. 1

LASER MARCELLUS GATHERING COMPANY, LLC

TARIFF

for

SUPPLYING GAS GATHERING OR CONVEYING SERVICE

by

GATHERING PIPELINE

Located in

GREAT BEND, LIBERTY, FRANKLIN, SILVER LAKE, and

FOREST LAKE TOWNSHIPS, SUSQUEHANNA COUNTY

Which facilities are connected to MILLENNIUM PIPELINE COMPANY'S

30 inch pipeline located in

WINDSOR TOWNSHIP, BROOME COUNTY, NY.

ISSUED:

BY: I. J. Berthelot, II
President
LASER MARCELLUS GATHERING COMPANY, LLC
333 Clay Street, Suite 4500
Houston, TX 77002
(713) 655-9500

EFFECTIVE:

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Issued:

Effective:

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LIST OF MUNICIPALITIES SERVED
IN SUSQUEHANNA COUNTY, PENNSYLVANIA

Apolacon Twp.
Choconut Twp.
Forest Lake Twp.
Great Bend Twp.
Jessup Twp.
Liberty Twp.
Middletown Twp.
New Milford Twp.

A) Gathering, Transportation or Conveying Service Rules

1. General

Laser Marcellus (sometimes referred to as the "Company") provides gas gathering, transporting or conveying service by gathering pipeline to the public from points in Susquehanna County, Pennsylvania to pipeline facilities located in Windsor Township, Broome County, NY, which facilities are connected to the Millennium pipeline. This service is subject to the following conditions/understandings:

a) Laser Marcellus will gather and transport well head natural gas for producers to Millennium Pipeline Company located in Broome County, NY.

b) Laser Marcellus will not be transporting gas to the public for consumption;

c) The public Customers that Laser Marcellus will serve in Susquehanna County, Pennsylvania, are natural gas producers.

2. The Company must have sufficient capacity in its pipeline to provide the service requested.

3. The Customer must enter into a contract with Laser Marcellus for the gathering and transportation of gas.

4. The service provided is subject to all of the regulations of the Pennsylvania Public Utility Commission, and all such Orders and Policy Statements as the Commission may issue from time to time.

5. Line connections and extensions shall be made solely at the discretion of the Company and solely at the expense of the Customer, unless otherwise agreed.

6. All gas delivered into the Company's pipeline will be conforming with the gas quality specifications of Millennium Pipeline Company or any future interconnecting pipelines.

7. All gas delivered into the Company's pipeline will be free and clear of all claims and charges. All Customers will indemnify and hold harmless the Company from any such claims and charges, including the cost of defending against them.

8. The Company may discontinue service to and cancel its contract with the Customer if the Customer fails to pay its bill within twenty (20) days of issuance.

9. The title to the gas delivered into the Company's pipeline will belong to the Customer or its nominee.

10. The transporting or conveying service may be disrupted where the Company is physically unable to provide service, or where, in the Company's sole judgment, public safety requires service disrupted.

11. The Company does not provide storage, banking, or sales services.

12. The Company will not be liable for any disruption or interruption or for any loss or injury resulting directly or indirectly therefrom.

13. The Company will furnish, install and maintain and own any meters, regulators, connections or other equipment required for the supply of service. All such equipment shall remain the exclusive property of the Company, and the Company shall have the right to remove such property from the premises of the Customer at any time after the termination of service, whatever may have been the reason for such termination.

14. The Customer shall provide, at its expense, a suitable place for the meters, regulators, connections or other equipment of the Company, unless otherwise agreed. Such places shall be of convenient access to the Company's employees and otherwise acceptable to the Company.

15. Changes in the location of service-supply pipe, meters, regulators, connections or other equipment for the accommodation of the Customer shall be done by the Company at the expense of the Customer.

16. The Customer ordinarily will be required to pay the cost of any special installation necessary to meet the peculiar requirements for service at other than standard conditions.

17. Any municipal or governmental permit required for opening of any street or highways shall be secured by the Company at its own cost.

18. Deposits may be required from Customers in accord with the Public Utility Code and the Commission's regulations.

19. The term Mcf or mmbtu as used in this rate schedule shall mean 1,000 cubic feet of gas or 1,000,000 British Thermal Units, respectively, at a pressure of 14.73 p.s.i.a. and a temperature of 60° F.

20. The measurement of gas by meter shall be conclusive on the Customer and the Company, excepting that from the time the meter is found to be defective or ceases to register, until the meter is repaired, the gas delivered shall be estimated by the average of another meter, or by the amount delivered by meter during a previous corresponding period under similar conditions, unless otherwise agreed. In the event of the Customer's dissatisfaction with the registration of the meter, the Company will, upon written application, accompanied by the fee specified in the rules of the Commission, have the same removed, sealed, and tested and a certificate of test given the Customer. If the meter so tested shall be found to be inaccurate within the limits specified in the Rules of the Commission, the Company shall refund the charge for such test.

B) Rates

1. Delivery Charge Per Mcf (or mmbtu).

The delivery charge will be negotiated by the Company and the Customer and expressed in the Gathering Agreement.

The maximum charge per Mcf (or mmbtu) for gathering service will be \$.75.

The delivery charge will be assessed on all volumes at the time of delivery by the ratepayer.

2. Compression Charge

The maximum charge per Mcf (or mmbtu) for compression service will be \$.10.

3. Dehydration Charge

The maximum charge per Mcf (or mmbtu) for dehydration service will be \$.03.

D

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COMMISSION
2009 Dec 23
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**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**Laser Marcellus Gathering
Company, LLC**

}

Docket No. CP10-³⁵-000

PETITION FOR A DECLARATORY ORDER

Pursuant to Rule 207 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission ("FERC" or "Commission"), 18 C.F.R. § 385.207 (2008), Laser Marcellus Gathering Company, LLC ("Laser Marcellus" or "Petitioner") hereby files with the Federal Energy Regulatory Commission ("FERC" or "Commission") a petition for a declaratory order ("PDO") finding that the pipeline construction project, referred to herein as the Marcellus Facilities or the Marcellus Project, is, in its entirety, gathering and not subject to the Commission's jurisdiction under Section 1(b) of the Natural Gas Act ("NGA"), 15 U.S.C. § 717(b).

Petitioner respectfully requests the Commission to act on this PDO as soon as possible, and to issue an order on, or before, March 1, 2010 so that Laser Marcellus can begin construction in order to provide on a timely basis gathering services necessary to bring Marcellus gas supply to market.

Petitioner believes that the Marcellus Facilities qualify as non-jurisdictional gathering for the reasons set forth herein. Prompt issuance of an order on this PDO will establish certainty with regard to a determination that the Marcellus Facilities will

function as non-jurisdictional gathering, and permit the Marcellus Project to proceed on schedule.

In support of this PDO, Petitioner states the following:

DESCRIPTION OF PETITIONER

Laser Marcellus is a natural gas midstream company whose primary purpose is to construct, build, own and operate gas gathering facilities designed to provide gas gathering services to producers of Marcellus Shale gas in Pennsylvania and New York. Laser Marcellus is a Delaware Limited Liability Company whose Sole Member is Laser Midstream Energy, LP.

Laser Marcellus is affiliated with entities that own and operate eight Texas gas gathering systems, comprised of approximately 590 miles of pipe, that either were converted to gas service from crude oil lines acquired from an unaffiliated company in 2008 or newly constructed. Neither Laser Marcellus, nor any of its affiliates, owns any interstate or intrastate pipelines.

COMMUNICATIONS AND CONTACTS

All correspondence and communications regarding this PDO should be addressed to the following individuals:

I.J. Berthelot, II
Laser Midstream Company, LLC
333 Clay Street, Suite 4500
Houston, Texas 77002
(713) 655-9500
chipb@lasermidstream.com

Kim M. Clark
John & Hengerer
1730 Rhode Island Ave., N.W., Suite 600
Washington, D.C. 20036
(202) 429-8800
kclark@jhenergy.com

BACKGROUND

There has been in recent years significant gas exploration and development in the Marcellus Shale formation that underlays northeast Pennsylvania and southwest New York, and substantial additional well drilling is planned for the near future. Gas supply from these wells needs to be collected and transported through gathering systems for delivery to interstate pipelines for redelivery to markets in the northeastern portion of the United States.

Laser Marcellus is proposing to construct a gathering system in order to accept gas from wells in Pennsylvania and New York that have been and will be drilled by an unaffiliated producer with which Laser Marcellus has entered into a gathering agreement.¹ Further, Laser Marcellus anticipates that the presence of the gathering system will enhance drilling activity in the area, and Laser Marcellus will gather gas from other producers desiring that service.

¹ The referenced producer has an option to purchase a minority interest in the Marcellus Facilities.

DESCRIPTION OF FACILITIES

Given that full development of the Marcellus Shale gas supply in Pennsylvania and New York is continuing, the development plan for the Marcellus Project consists of a phased construction program starting with a core system to be built immediately (upon Commission approval of the PDO) that will be followed, where appropriate, by additional facilities to connect with newly drilled wells. Laser Marcellus fully expects that wells will be attached along the entire length of its pipe in both Pennsylvania and New York.

Initial Construction Phase

The base Marcellus Gathering system will consist of approximately 30 miles (21 miles in Pennsylvania and 9 miles in New York) of a single 12-inch or 16-inch diameter pipe running from Pennsylvania and into New York to an interconnection with Millennium Pipeline Company, LLC (Millennium) in Broome County, New York (*see* Appendix A). The main, spine-like gathering line would have an operating pressure of 100-500 psig (1440 MAOP) upstream of the delivery point and an estimated flow capability of 60 mmcf/d. In addition to the backbone line, there also will be small diameter pipe connecting wells to the main system. However, it is unknown at this time whether such lines will be owned by Laser Marcellus, producers, or a third-party.

Approximately 2500 feet from the delivery point at Millennium, Laser Marcellus will install a compressor facility comprised of three 1,380 horsepower compressors in

order to meet the line pressure of Millennium. The compressor facility also will include a pig receiver, various gas/liquid separators, scrubbers, liquid tanks, and dehydration equipment as needed to meet Millennium's gas quality specifications. At present there are no plans for a gas treatment or processing facility on the Laser Marcellus gathering system.

The initial phase of the Marcellus Facilities will connect in Pennsylvania with six (6) wells already drilled which are located at or near the "field receipt points" shown on Attachment A. Laser Marcellus anticipates that approximately forty (40) additional wells may be connected to the system in Pennsylvania. With respect to the New York segment of the line, Laser Marcellus also expects to connect with producing wells along the entire nine mile length at such time as New York allows wells to be drilled into the Marcellus Shale formation. Laser Marcellus is aware that leases for gas exploration have been entered into in New York within ten (10) miles of its planned pipeline, and expects that 80-100 wells will be drilled and connected to the system in New York.

Second Phase of Construction

Assuming continued development in the portion of the Marcellus Shale near the Marcellus Facilities and interest by producers in using the gathering services of Laser Marcellus, the initial system could be expanded to accommodate increased deliveries from an estimated 100 additional wells by adding compression units at field receipt points (see Attachment B). Laser Marcellus anticipates establishing up to six field

receipt points, with 1,380 horsepower compression and a dehydration unit at each point (although some dehydration equipment may remain in use at the Millennium delivery point). The system line pressure would increase to approximately 600 to 1440 psig to accommodate the additional volumes and to meet the Millennium line pressure at the delivery point. The estimated flow capability of the expanded system would be 230 mmcf/d for a 12-inch line or 500 mmcf/d for a 16-inch line.

Third Phase of Construction

If there is further development of the Marcellus Shale formation and continued interest in Laser Marcellus' services, the gathering system could be extended by adding another delivery point into either Tennessee Gas Pipeline Company (Tennessee) or the Stagecoach Natural Gas Storage Facility (Stagecoach) (see Attachment C). This expansion would involve 13 miles of the same diameter pipe already in place that would run from the southern end of the existing system southwest to meet the Tennessee and/or Stagecoach systems. A compressor facility, including dehydration, would be installed at the new delivery point to assist in meeting the line pressure and gas quality specifications at Tennessee/Stagecoach. Laser Marcellus estimates that the extended portion of the pipe may connect with approximately 100 wells that have been or will be drilled along the length of this expansion line.

With this expansion, the operating line pressure of the system would be 600 to 1440 psig, and the system would be capable of delivering gas at both delivery points

(Millennium and Tennessee/ Stagecoach) with an estimated flow capability of 500 mmcf/d for a 12-inch line or 800 mmcf/d for a 16-inch line. As a result of the new interconnect(s), gathered gas could be moved either north to Millennium or south to Tennessee and/or Stagecoach as market conditions warrant. It should be noted that the interconnects between Laser Marcellus and the interstate pipelines are designed to allow flow only one way, from the Marcellus Facilities into Millennium or Tennessee/Stagecoach, meaning Laser Marcellus will not be a conduit for the movement of interstate gas between Millennium and Tennessee/Stagecoach.

Summary

This requested PDO is based on Petitioner's current plans and expectations resulting from the data available to date, as outlined above. Laser Marcellus is requesting that the Commission's Declaratory Order address and rule on all three phases of the proposed system as described herein, all of which Laser Marcellus maintains meet the Commission's requirements as gathering exempt from Natural Gas Act jurisdiction (including that the Laser Marcellus system will cross a state line).

Petitioner recognizes that any Declaratory Order issued in response to this PDO will be based on the facts as presented, and that any material change in these facts could produce a different result. With that awareness, Petitioners will notify the Commission if there are any relevant factual changes in the future that would warrant an amended request for a jurisdictional determination.

**REQUEST FOR A FERC DETERMINATION
THAT THE MARCELLUS FACILITIES
FUNCTION AS NON-JURISDICTIONAL GATHERING**

Gathering is exempt from FERC jurisdiction under Section 1(b) of the NGA, 15 U.S.C. § 717b, but transportation in interstate commerce is subject to FERC NGA jurisdiction. The FERC defines what constitutes a gathering facility, as contrasted with jurisdictional interstate transportation, under the "modified primary function test," and the FERC will weigh various physical and non-physical factors in making the determination.

The physical criteria include: (i) the length and diameter of pipelines, (ii) the extension of the facility beyond the central point in the field, (iii) the facility's geographical configuration, (iv) the location of compressors and processing plants, (v) the location of the wells along all or part of a facility, and (vi) the operating pressures of the pipelines. In addition, FERC considers non-physical criteria, which include: (vii) the purpose, location, and operation of the facilities, (viii) the general business activities of the owner of the facility, and (ix) whether the jurisdictional determination is consistent with the NGA.² No one factor is determinative and all factors do not necessarily apply in all situations.³

² Amerada Hess Corp., 52 FERC ¶ 61,268 (1990) ("Amerada Hess"), and Farmland Industries, Inc., 23 FERC ¶ 61,063 (1983) ("Farmland Industries").

³ Columbia Gas Transmission Corp., 93 FERC ¶61,063 at 61,913 (2000).

Petitioner respectfully submits that all of the Marcellus Facilities qualify as gathering under the relevant criteria in the “modified primary function test,” as supported by precedent under similar factual circumstances. The analysis herein focuses on both short-term and long-term operations.⁴ The Commission has previously found that where operations will change as a result of project development, the jurisdictional determination should be focused on the long-term configuration and operation of the facilities in question.⁵

The Marcellus Project Satisfies The Criteria For A Gathering Function.

As described above, the Laser Marcellus gathering system (the three phases of which are illustrated on Attachments A-C) initially will consist of a single pipe running from Pennsylvania to New York with well connections along the entire length of the pipe and a compression facility near the delivery point with Millennium in New York. Subsequent expansions, where appropriate in response to increased production and market forces, would add compression in the field in order to accommodate a higher rate of flow and still meet interstate pipeline in-take pressure requirements, and further to lengthen the system to reach new interstate facility connections that will allow gathered gas to reach different markets. The planned facilities will connect with production wells along the entire length of the gathering system.

⁴ SWEPI LP, et al., 126 FERC ¶ 61,098 (2009).

⁵ See, e.g., Red River Pipeline Co., 18 FERC ¶ 61,149 (1982) (pipeline found to be intrastate, even though initially transporting mostly interstate gas, because final intent was to transport intrastate gas).

- a. The length and diameter of the Marcellus Project system are typical of gathering.**

The initial construction will be a 12-inch or 16-inch diameter pipeline of 30 miles, 21 in Pennsylvania and 9 in New York. A possible 13 mile extension in Pennsylvania is contemplated if there is increased well production southwest of the initially built system and a willingness to commit such production to the Laser Marcellus system. These diameters and length are consistent with a gathering function.⁶

- b. The "central point in the field" criterion is inapplicable due to the spine-like, backbone configuration of the Marcellus Project.**

The Marcellus Project consists of a spine-like, backbone configuration with numerous wells connected along the length of the pipe. Thus, the main pipe segment will function as a spine-like backbone configuration in both initial and later phases of the Marcellus Project. There is no "central point in the field" where the gas is collected to a central point and then delivered into a single line for transmission. The

⁶ See, e.g., Exco Resources, Inc. et al., 119 FERC ¶ 61,121, at P 12 (2007) (53-mile backbone pipeline with 23 miles of 12-inch diameter line, 30 miles of 16-inch diameter line, and a proposed addition of at least 52 more miles of 20-inch diameter backbone pipeline to be gathering) ("Exco Resources"); Straight Creek Gathering, LP, 117 FERC ¶ 61,005, at P 13 (2006) (60 miles of 20-inch diameter pipeline with several 4- to 12-inch lateral lines extending from the backbone to be gathering) ("Straight Creek"); CNG Transmission Corp., 86 FERC ¶ 61,138, at 61,486 (1999), order on reh'g, 90 FERC ¶ 61,290 (2000) (finding 24-inch pipeline facilities were gathering); and Columbia Gas Transmission Corp., 79 FERC ¶ 61,045, at 61,210 (1997) (finding 34.1 miles of 26-inch pipeline was gathering).

Commission has held that the "central point in the field" criterion does not apply to a spine-like, backbone system.⁷

c. The geographical configuration is consistent with a gathering function.

The Marcellus Project line is not a web-like system, nor is it a short, small diameter pipe that connects a few wells directly into a transmission system. Rather, as noted above, the Marcellus Project is a backbone-type configuration that will gather gas from multiple wells for delivery initially to an interstate pipeline, Millennium, and possibly via expansion to the interstate facilities of Tennessee and/or Stagecoach. Finally, the fact that the proposed facility will cross a state border does not disqualify it from exempt gathering status.⁸

d. The location of compressors and processing plants is indicative of gathering.

There is no plan for a processing plant on the Laser Marcellus system, either in the initial construction phase or in later expansions. Compression and dehydration equipment initially will be located near the interconnect with Millennium, such that all gathering will take place upstream of the compressor facilities. If the system is expanded, future compression would be added at or near the added receipt point(s) on

⁷ See, e.g., Citrus Energy, Inc., et al., 75 FERC ¶ 61,289, at 61,932 (1996); and ANR Pipeline Co., et al., 77 FERC ¶ 61,230, at 61,396 (1996).

⁸ See TCP Gathering Co., 92 FERC ¶62,068 at 64,078 (2000), citing Columbia Gas Transmission Corp. and Norse Pipeline, L.L.C., 85 FERC ¶61,191, reh'g, 86 FERC ¶61,137 (1999); Panhandle Eastern Pipe Line Co. and Panhandle Gathering Co., 68 FERC ¶61,209 at 62,010 (1994).

York. The Commission has found that pipelines with well connections along the length, such as the Marcellus Project, are typical of a gathering line.¹⁰

f. The operating pressure of the Marcellus Project is consistent with gathering.

The line pressure will be driven initially primarily by wellhead pressures of approximately 100-400 psig, as boosted at the delivery point by compression to about 1000-1100 psig in order to meet the line pressure of Millennium. If the system is expanded, compressor facilities will be added to field receipt points in order to raise the line pressure of the increased flow. Laser Marcellus will maintain compression at the delivery point(s) to meet interstate pipeline in-take pressure levels. These pressures are typical of gathering.¹¹

g. The non-physical criteria¹² are also consistent with a gathering function.

As part of the long-range plan of field development, the purpose, location, and operation of the Marcellus Project are to gather gas and deliver it into Millennium, with the possibility of a system expansion that will allow deliveries to Millennium and also to Tennessee and/or Stagecoach. There will be no direct sales off of the Marcellus

¹⁰ Straight Creek, 117 FERC ¶ 61,005 at PP 13 and 17.

¹¹ See e.g., Arkla Gathering Services Co., 67 FERC ¶ 61,257, at 61,868 (1994) (where operating pressures are determined by the wellhead pressures of the wells it is consistent with gathering) ("Arkla Gathering").

¹² The non-physical criteria include (i) the purpose, location, and operation of the facilities, (ii) the general business activities of the owner of the facility, and (iii) whether the jurisdictional determination is consistent with the NGA.

Facilities prior to delivery into interstate facilities, nor will the Marcellus Facilities be used to move gas between Millennium and Tennessee/Stagecoach.

Laser Marcellus' sole business will be the gathering and delivery of gas. Marcellus Gathering will not hold title to the gas moved through its facilities, nor will the company engage in the marketing of gas for others. All of the initial supplies of gas moved to Millennium will be production from wells owned by a natural gas producer with which Laser Marcellus has a gathering agreement.

The general business activities of Laser Marcellus, and also of its affiliates, are the gathering and midstream transportation of gas. Neither Laser Marcellus, nor any affiliate, owns an interstate or intrastate gas pipeline. The Commission has found such business activities to be consistent with gathering.¹³

Finally, a jurisdictional determination would be inconsistent with the NGA. There is no regulatory purpose that would be achieved in regulating the Marcellus Project as there would be no shippers to protect. Rather, the Marcellus Project will exist as an integral part of the efforts of natural gas producers to explore and produce gas from the Marcellus Shale formation and to gather that gas to interstate pipeline(s) for delivery by interstate pipelines to markets in the eastern and northeastern United States.¹⁴

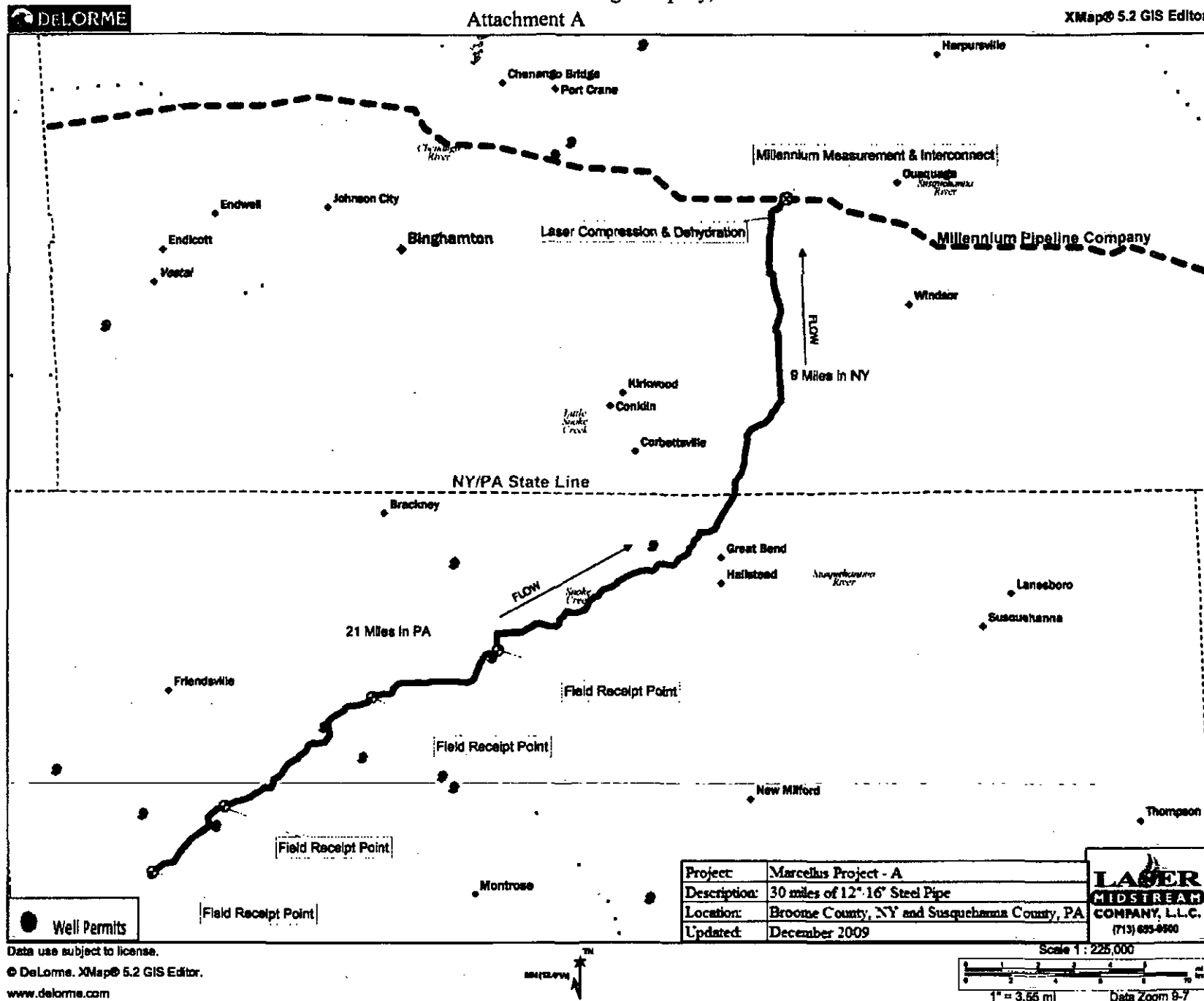
¹³ See Exco Resources, 119 FERC at P 19.

¹⁴ See SWEPL, et al., 126 FERC ¶61,098 (2009).

Laser Marcellus Gathering Company, LLC

Attachment A

XMap® 5.2 GIS Editor

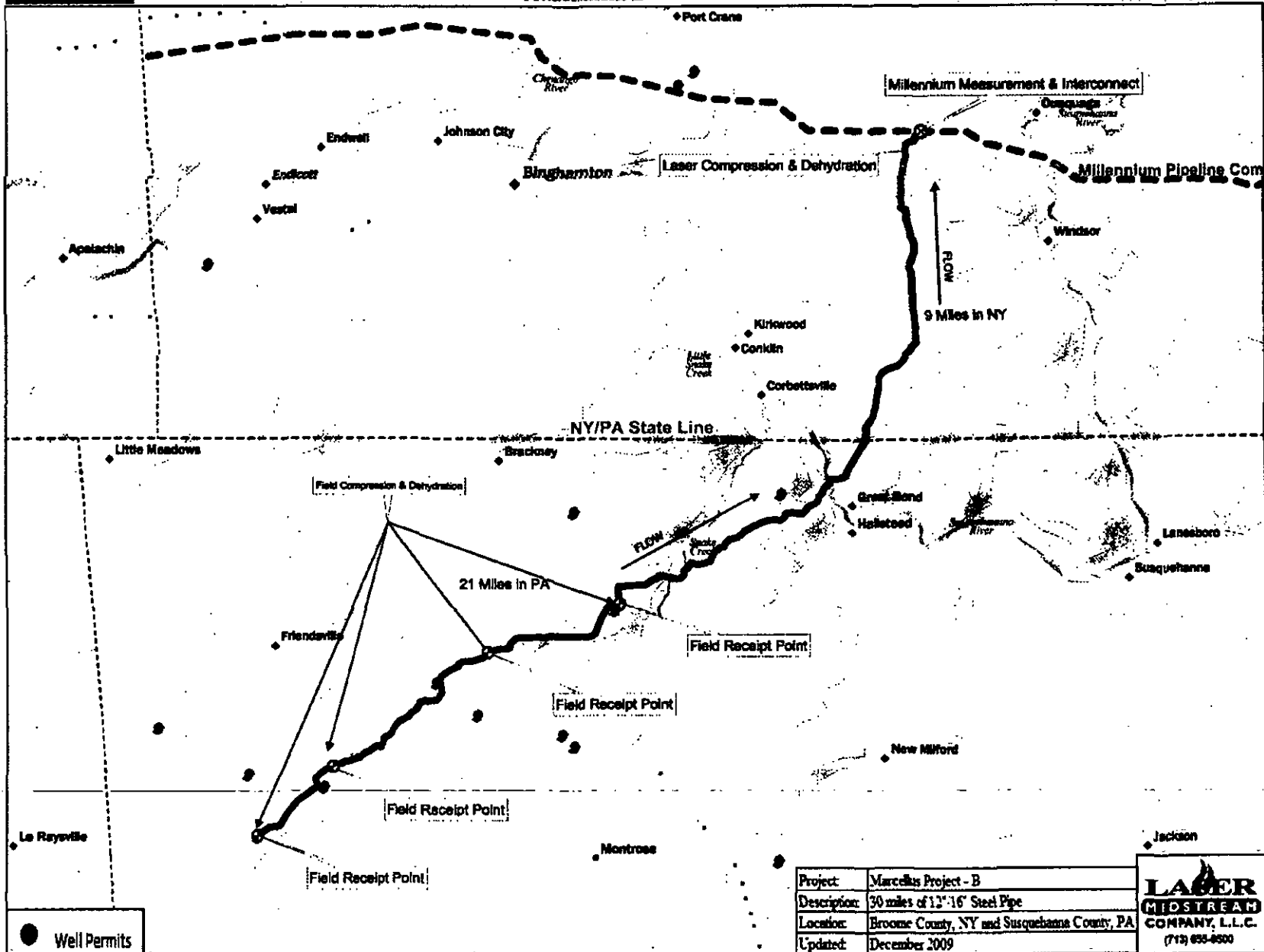


Laser Marcellus Gathering Company, LLC

Attachment B

XMap® 5.2 GIS Editor

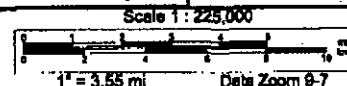
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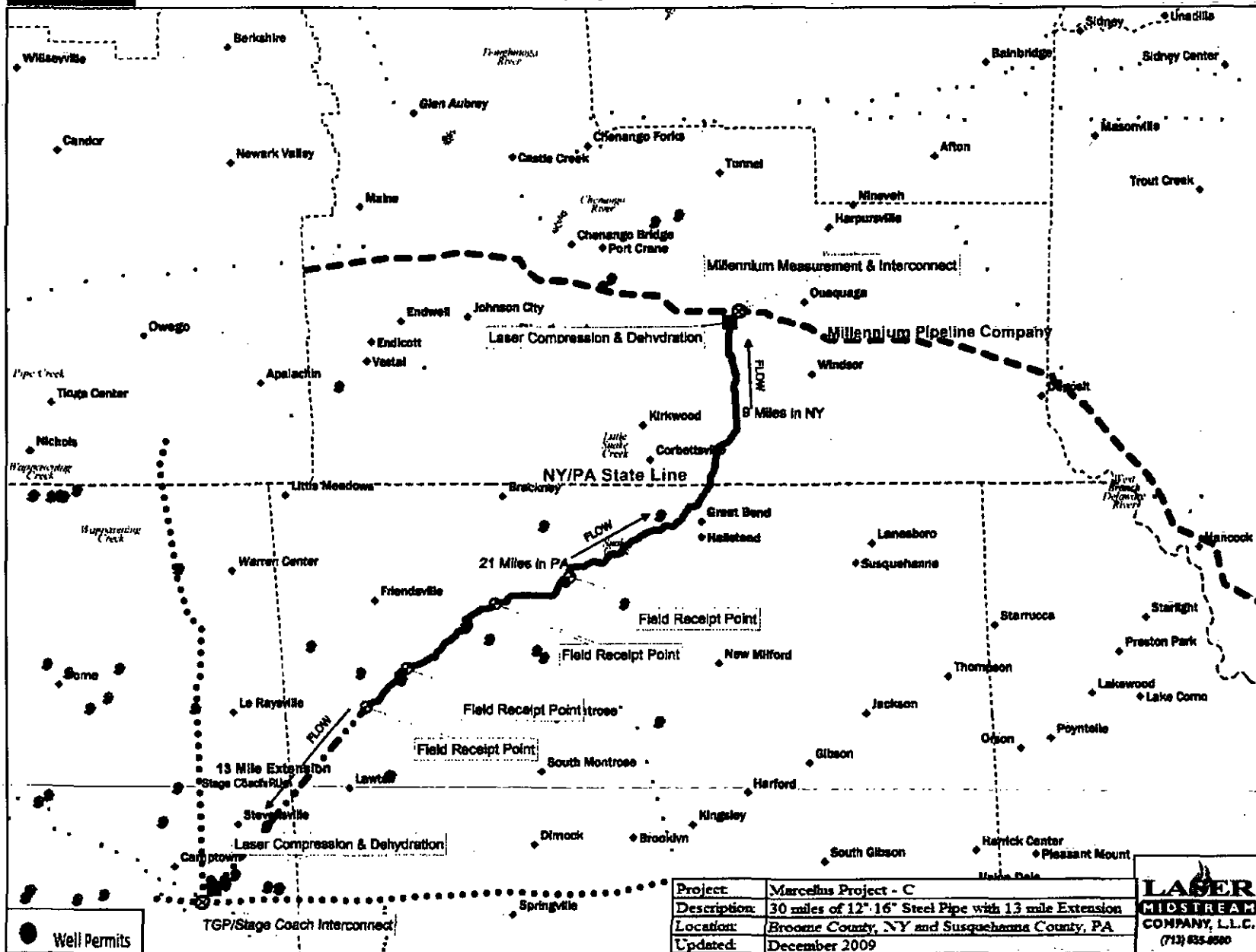
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Laser Marcellus Gathering Company, LLC Attachment C

XMap® 5.2 GIS Editor

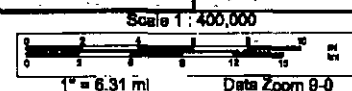
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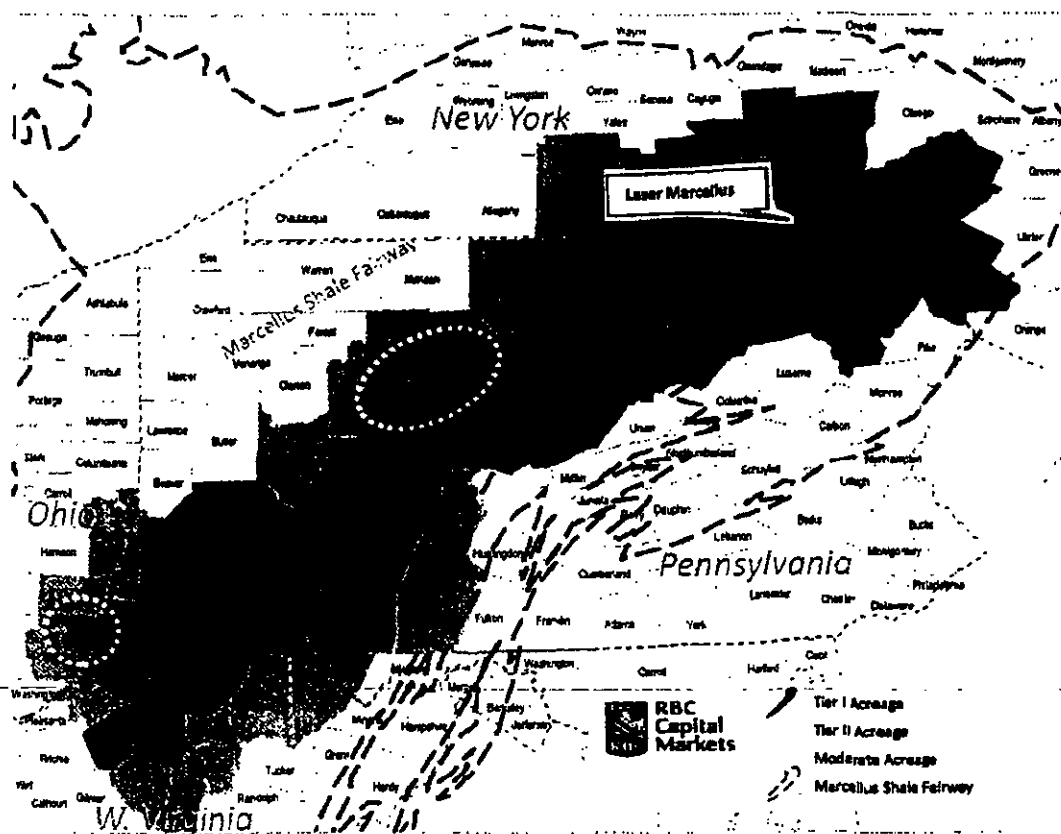
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LASER MARCELLUS GATHERING COMPANY, LLC

ATTACHMENT D

Marcellus Resource Potential Acreage



Source: Bernstein Research / RBC Richardson Barr

Snyder Brothers Marcellus acreage (RBC Richardson Barr mandate – data rooms open in November)

Phillips Production Marcellus acreage (RBC Richardson Barr mandate – data rooms open in November)

ATTACHMENT D

Note: This report was downloaded from the Broome County New York Website (<http://www.gobroomecounty.com/countyexec/broome-county-releases-natural-gas-economic-impact-study>)

Broome County Releases Natural Gas Economic Impact Study



Preliminary report released to legislature and media

(Binghamton, NY) If done right, done safely and done soon, Broome County could see an economic impact in the billions of dollars over the next ten years as a result of the Marcellus Shale natural gas play. These are the findings of a Broome County Government commissioned Economic Impact Study.

"We have been talking about the potential economic boon this area could experience as a result of developing our natural gas resources, however, up until this point, we have not been able to quantify those impacts," said Executive Fiala. "With this study, we believe strongly that if balanced with the proper attention to environmental protections, the development of the Marcellus Shale can provide a tremendous and much needed economic boost to our local economy."

The study was conducted by Bernard L. Weinstein, Ph.D. and Terry L. Clower, Ph.D., Professors of Applied Economics at the University of North Texas. The pair was commissioned to conduct the study because of their background and experience in conducting a similar Economic Impact Study for the area impacted by the Barnett Shale in Texas. The very first sentence of the report highlights the tremendous potential of the entire Marcellus Shale:

The Marcellus Shale in the Appalachian Region of the United States is fast becoming the hottest natural gas drilling play in the nation. Indeed, some experts believe the production in the Marcellus Shale could eventually outstrip that of the Barnett Shale in north central Texas, currently the largest producer of natural gas in the continental US. This is not an unreasonable assumption,

considering that the Marcellus formation is 65 million acres in size compared to a mere 3 million for Barnett.

The report goes on to detail some pretty significant potential economic impacts on the Greater Binghamton Region:

**Economic and Fiscal Impacts of Gas Well Drilling Activities
In Broome County, New York Over 10 Years**

Description	Impact 2,000 Wells	Impact 4,000 Wells
Total Spending	\$ 7,000,000,000	\$ 14,000,000,000
Total Economic Activity	\$ 7,648,652,000	\$ 15,297,304,000
Total Wages, Salaries, Benefits (labor income)	\$ 396,436,000	\$ 792,872,000
Total Employment (person years)	8,136	16,272
Total Property Income*	\$ 605,676,000	\$ 1,211,352,000
State Taxes ⁺	\$ 22,240,000	\$ 44,480,000
Local Taxes ⁺	\$ 20,528,000	\$ 41,056,000

*Includes royalties, rents, dividends, and corporate profits. + Includes sales, excise, property taxes, fees, and licenses.

The previous table outlines direct impacts of natural gas drilling based on 2,000 and 4,000 wells respectively (these are not presumptions of the actual number of wells, it is simply a baseline from which to determine levels of economic impact). It goes on to describe an overall economic impact that will be the result of economic activity related to the development of the Marcellus Shale in the Greater Binghamton region:

**In Broome County, New York
Average Annual Impact Over a 10-Year Period**

Description	Impact 2,000 Wells	Impact 4,000 Wells
Total Spending	\$ 1,853,785,000	\$ 3,707,570,000
Total Economic Activity	\$ 2,060,198,000	\$ 4,120,397,000
Total Wages, Salaries, Benefits (labor income)	\$ 156,758,000	\$ 313,516,000
Total Employment (person years)	2,190	4,380
Total Property Income*	\$ 119,622,000	\$ 238,640,000
State Taxes ⁺	\$ 13,622,000	\$ 27,244,000
Local Taxes ⁺	\$ 12,574,000	\$ 25,149,000

** Includes royalties, rents, dividends, and corporate profits. + Includes sales, excise, property taxes, fees, and licenses.*

However, the report also cautions that all of these impacts are predicated on New York State allowing natural gas horizontal drilling in a timely manner:

Of course, all of these economic and fiscal benefit calculations are predicated on the assumption that the State of New York creates and maintains a supportive regulatory and tax climate toward the natural gas drilling and production industry. Policy makers must keep in mind that New York is competing with many other states in the Marcellus Shale for investment in this infant industry. Excessive regulatory or fiscal burdens could significantly limit New York's prospects. In particular, the state should avoid the temptation to levy a severance tax on natural gas production as this would only serve to drive the industry to Pennsylvania or another state.

The entire preliminary economic impact report is available in hard copy from the Broome County Executive's Office or by clicking [here](#). The study must be reviewed by legislators before being officially accepted and may be edited before the final economic impact report is issued.

Posted: 7/28/2009 8:47 am

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Laser Marcellus Gathering
Company, LLC for Approval to Begin to
Offer, Render, Furnish, or Supply Natural
Gas Gathering and Transporting or
Conveying Service by Pipeline to the Public
in Certain Townships of Susquehanna
County, Pennsylvania

Docket No. A-_____

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing
Application by first class mail upon the individuals listed, in accordance with the requirements of
Section 1.54 (relating to service by a party).

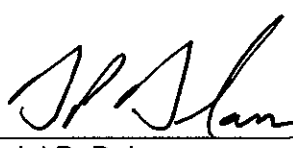
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Dated: January 19, 2010



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