

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
<b>NORTHERN MICHIGAN PIPELINE</b>	)	
<b>COMPANY, LC</b> , for authority to construct and	)	Case No. U-15749
operate the Pleasanton Pipeline in Manistee County.	)	
_____	)	

At the May 26, 2009 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon Orjiakor N. Isiogu, Chairman  
Hon. Monica Martinez, Commissioner  
Hon. Steven A. Transeth, Commissioner

**ORDER APPROVING SETTLEMENT AGREEMENT**

On December 5, 2008, Northern Michigan Pipeline Company, LC, (NMPL) filed an application, pursuant to the provisions of 1929 PA 9, MCL 483.101 *et seq.*, requesting authority to construct and operate the Pleasanton Pipeline in Manistee County, Michigan. On December 18, 2008, NMPL filed an amended application showing the maximum rate for transportation on the Pleasanton Pipeline.

On January 13, 2009, NMPL was granted a certificate of public convenience and necessity for construction and operation of the Pleasanton Pipeline. On February 13, 2009, the Commission received a letter objecting to the January 13, 2009 granting of a certificate and asserting that NMPL made two material misrepresentations on its application.

On February 20, 2009, an order to show cause and opportunity to demonstrate compliance was issued that required NMPL to file a written response and to participate in an informal conference

to demonstrate compliance with the January 13, 2009 order. NMPL complied with the written response requirement on March 5, 2009. The objection to the granting of a certificate was withdrawn on March 6, 2009. On March 16, 2009, the informal conference required by the show cause order was held. On April 15, 2009, the Commission Staff (Staff) filed its reply to NMPL's written and oral responses to the objection. While the dispute regarding the grant of the certificate was ongoing, the Staff has not issued any permits to allow production or transportation of gas on the Pleasanton Pipeline. Subsequently, the parties entered into a settlement agreement resolving all issues in the case.

According to the terms and conditions of the settlement agreement, attached as Exhibit A, the parties agree that there is a dispute over whether NMPL improperly commenced the construction of the Pleasanton Pipeline prior to the issuance of the Commission's January 13, 2009 order and whether the company committed other violations of the Commission's procedures. The parties further agree that NMPL will pay a \$20,000 fine to the State of Michigan in conjunction with the resolution of this dispute. Finally, the Staff agrees to issue all currently pending well connection permits submitted by Presidium Antrim West, L.C., an affiliate of NMPL, to permit connection of its gas wells to the Pleasanton Pipeline.

After a review of the settlement agreement, the Commission finds that it is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Northern Michigan Pipeline Company, LC, is ordered to pay a \$20,000 fine to the State of Michigan by delivering a check in that amount to the Commission's Executive Secretary within 30 days of the date of this order.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, under MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

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Orjiakor N. Isiogu, Chairman

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Monica Martinez, Commissioner

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Steven A. Transeth, Commissioner

By its action of May 26, 2009.

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Mary Jo Kunkle, Executive Secretary

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of  
**NORTHERN MICHIGAN PIPELINE  
COMPANY, LC** for authority to construct and  
operate the Pleasanton Pipeline in Manistee County.

Case No. **U-15749**  
(e-file/paperless)

**SETTLEMENT AGREEMENT**

THIS AGREEMENT is entered into this 6th day of May, 2009 between NORTHERN MICHIGAN PIPELINE CO, L.C. a Michigan limited liability company, ("NMPL") and the MICHIGAN PUBLIC SERVICE COMMISSION STAFF ("Staff").

1. On December 5, 2008, NMPL filed with the Michigan Public Service Commission ("MPSC") its application for authority to construct and operate the Pleasanton Pipeline in Manistee County, Michigan, docketed as MPSC Case No. U-15749.

2. On December 18, 2008, NMPL filed with the MPSC an amended application showing the maximum rate for transportation on the Pleasanton Pipeline.

3. On January 13, 2009, the MPSC issued its Order granting NMPL a certificate of public convenience and necessity for construction and operation of the Pleasanton Pipeline.

4. On February 13, 2009, a letter objecting to the January 13, 2009 MPSC order was filed with the Commission by EnerVest Operating, LLC, asserting that there were two material misrepresentations in NMPL's application: (i) that NMPL had not acquired all easements necessary for construction of the pipeline and (ii) that the

Pleasanton Pipeline would interconnect with Ward Lake's inactive Pleasanton 25 Pipeline at Michigan Consolidated Gas Company's Pleasanton 26 CPF.

5. On February 20, 2009, the MPSC issued an Order to Show Cause and Opportunity to Demonstrate Compliance, in which it recited the allegations set forth in the EnerVest letter, and also that its Staff had obtained information indicating that construction on the Pleasanton Pipeline commenced prior to issuance of the Commission's January 13, 2009 Order.

6. The Order to Show Cause required NMPL to file a written response and to participate in an informal conference with the MPSC Staff to demonstrate compliance with the January 13, 2009 Order.

7. NMPL filed its written response with the MPSC on March 5, 2009.

8. On March 6, 2009, EnerVest advised the MPSC that it had sold the Pleasanton 26 project to NMPL, including the Pleasanton 25 pipeline, and withdrew its objection.

9. On March 16, 2009, NMPL and Staff held an informal conference regarding the Commission's Order to Show Cause.

10. On April 15, 2009, the Staff filed its reply to NMPL's written and oral response to the allegations.

11. While this dispute regarding the legality of the pipeline certificate was pending, the MPSC has not issued any well connection permits to allow NMPL's affiliate, Presidium Antrim West, L.C., to produce or transport gas on the Pleasanton Pipeline.

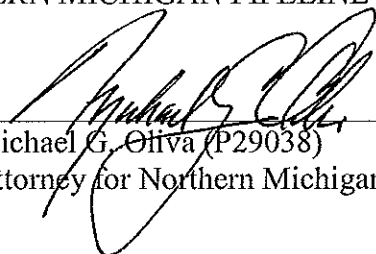
The parties agree to resolve this matter without the delay or cost of further proceedings and agree to do the following:

NOW, THEREFORE, IT IS AGREED:

1. The parties agree that there is a dispute as to whether NMPL improperly commenced the construction of Pleasanton Pipeline prior to the issuance of the Commission's January 13, 2009 order and committed other violations of the Commission's procedures.
2. In order to resolve this dispute, NMPL agrees to pay a Twenty Thousand Dollars (\$20,000.00) fine to the State of Michigan following the issuance of an MPSC order approving this Settlement Agreement.
3. The Staff agrees to promptly issue all currently pending well connection permits submitted by Presidium Antrim West, L.C. to permit connection of its gas wells to the Pleasanton Pipeline.
4. The Staff and NMPL request that the Commission approve this Settlement Agreement as being reasonable and in the public interest in order to resolve Case No. U-15749.

NORTHERN MICHIGAN PIPELINE CO, L.C.

By:

  
Michael G. Oliva (P29038)  
Attorney for Northern Michigan Pipeline Co., L.C.

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

By:

  
Vincent J. Leone (P24093)  
Assistant Attorney General