



June 28, 2013

Mr. Jeffrey D. Wiese
Associate Administrator
Office of Pipeline Safety, PHMSA
1200 New Jersey Avenue, SE
East Building, 2nd Floor
Washington D.C. 20590

JUL 09 2013

Re: CPF No. 3-2011-1014, Petition for Reconsideration

Dear Mr. Wiese:

Please find enclosed three (3) copies of PostRock Energy Corporation's Petition for Reconsideration of the Final Order in cause CPF No. 3-2011-1014 entered by your office on June 10, 2013.

Please contact the undersigned should you have any questions. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads 'Stephen L. DeGiusti'.

Stephen L. DeGiusti
Executive V.P., General Counsel
and Secretary

Enclosure

C: Office of Chief Counsel, PHMSA (w/enclosure)
MV Purchasing, LLC (w/enclosure)
KPC Pipeline, LLC (w/enclosure)

PostRock Energy Corporation
Telephone: (405) 600-7704
Facsimile: (405) 600-7756

Direct Dial: (405) 702-7420
Direct Fax: (405) 815-4315

**POSTROCK ENERGY CORPORATION'S
PETITION FOR RECONSIDERATION
(CPF No. 3-2011-1014)**

Introduction

The Final Order issued in this matter June 10, 2013 was received by PostRock Energy Corporation ("PEC") on June 17. Therefore, this Petition is timely.

Statement of the Issues

PEC objects to the Final Order and respectfully requests that PHMSA reconsider the same. The issue presented is whether the Associate Administrator erred by identifying PEC as the Respondent and directing that PEC pay the civil penalty imposed of \$65,000. As demonstrated below, PEC was not a party to the original Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance Order issued September 16, 2011 (the "Notice"), did not own or operate the subject interstate pipeline (the "Pipeline"), and should not be included in the Final Order.¹

**PEC is Not a Proper Party to This Proceeding and Should be Removed
From the Final Order**

The subject proceeding (CPF 3-2011-1014) was commenced by PHMSA's issuance on September 16, 2011 of its Notice of Probable Violation, Proposed Civil Penalty and Proposed Compliance Order (the "Notice").² The Notice was correctly issued to PostRock KPC Pipeline, LLC ("PostRock KPC"), the legal entity which owned and operated the interstate gas pipeline (the "Pipeline") at issue.

PostRock KPC is a Delaware limited liability company.³ At the time of the Notice, PostRock KPC's sole member was PostRock Energy Services Corporation ("PESC"), a Delaware corporation. PESC is a wholly owned subsidiary of PEC.

¹ There are additional substantive objections to the Final Order which will properly be submitted by the real party in interest, KPC Pipeline, LLC, formerly known as PostRock KPC Pipeline, LLC.

² The Notice was originally dated August 8, but that Notice was sent to an incorrect address. The corrected Notice was dated September 16.

³ See Delaware Certificate of Conversion attached hereto as Exhibit A.

Significantly, at no time did PEC or PESC own or operate the Pipeline. PostRock KPC is a separate legal entity and is the real party in interest in this cause. The Administrator cannot, *ipse dixit*, simply pronounce PEC legally responsible for regulatory violations committed by PostRock KPC.

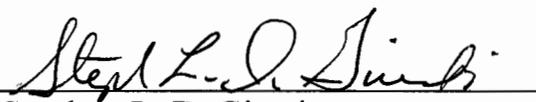
Moreover, in September 2012, all of the limited liability membership units of PostRock KPC were purchased from PESC by MV Pipelines, LLC.⁴ Thereafter, MV Pipelines changed the entity's name from "PostRock KPC Pipeline, LLC" to "KPC Pipeline, LLC" (*See*, tariff filing submitted to FERC on November 29, 2012).⁵ Hence, the very entity which owned and operated the Pipeline during the times pertinent to the Notice continues to exist and to own and operate the pipeline today—it has simply changed its name to KPC Pipeline, LLC. Therefore, any penalty imposed by the Administrator should be levied against KPC Pipeline, LLC alone, *not* PEC.

Conclusion

For the reasons discussed herein, PostRock Energy Corporation respectfully requests that it be removed from the Final Order and from any further proceedings in CPF No. 3-201-1014, as it is not the real party in interest and is therefore not a proper party to this proceeding.

Respectfully submitted,

PostRock Energy Corporation

By: 
Stephen L. DeGiusti
Executive V.P., General Counsel and Secretary
210 Park Avenue, Suite 2750
Oklahoma City, OK 73102
(405)702-7420

⁴ Should the Associate Administrator wish, PEC will supply for *in camera* review a copy of the purchase and sale agreement.

⁵ To access KPC's letter to FERC and the tariff filing, go to <http://www.gasnom.com/ip/kpc/>. In the Final Order, the Administrator states: "In late 2012, the Pipeline was sold and is now operated by MV Purchasing, LLC...." (Order, at p. 1). This statement is inaccurate. As noted above, PostRock KPC as a legal entity-- not just the pipeline owned and operated by said entity--was acquired; and the purchaser was MV Pipelines, LLC *not* MV Purchasing, LLC.

**EXHIBIT
A**

Delaware

PAGE 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THAT THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF CONVERSION OF A KANSAS GENERAL PARTNERSHIP UNDER THE NAME OF "QUEST PIPELINES (KPC)" TO A DELAWARE LIMITED LIABILITY COMPANY, CHANGING ITS NAME FROM "QUEST PIPELINES (KPC)" TO "POSTROCK KPC PIPELINE, LLC", FILED IN THIS OFFICE ON THE THIRTEENTH DAY OF SEPTEMBER, A.D. 2010, AT 9:23 O'CLOCK P.M.

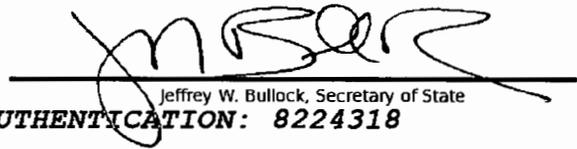
AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID CERTIFICATE OF CONVERSION IS THE FOURTEENTH DAY OF SEPTEMBER, A.D. 2010, AT 9:01 O'CLOCK A.M.

4871245 8100V

100904502



You may verify this certificate online
at corp.delaware.gov/authver.shtml


Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 8224318

DATE: 09-13-10

CERTIFICATE OF CONVERSION

of

**QUEST PIPELINES (KPC)
a Kansas general partnership**

This Certificate of Conversion (this "Certificate") is being executed and filed by the undersigned authorized person of Quest Pipelines (KPC), a Kansas general partnership (the "Partnership"), for the purpose of effecting the conversion of the Partnership from a Kansas general partnership into a Delaware limited liability company pursuant to Section 401 of the Kansas Business Entity Transactions Act and Section 18-214 of the Delaware Limited Liability Company Act (the "DLLCA").

FIRST: The Partnership was created, incorporated, formed or otherwise came into being as a general partnership on May 11, 1998 in the State of Kansas, which jurisdiction is also its jurisdiction of organization immediately prior to its conversion into a Delaware limited liability company.

SECOND: The name of the Partnership immediately prior to the filing of this Certificate is "Quest Pipelines (KPC)".

THIRD: The name of the limited liability company as set forth in its Certificate of Formation filed in accordance with Section 18-214(b) of the DLLCA is "PostRock KPC Pipeline, LLC".

FOURTH: This Certificate and the transactions contemplated thereby shall become effective at 9:01 a.m. (Eastern Time) on September 14, 2010.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Conversion as of September 13, 2010.

QUEST PIPELINES (KPC)

A handwritten signature in black ink, appearing to read "D. Lawler", is written over a horizontal line.

David Lawler
Authorized Person

Delaware

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I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THAT THE ATTACHED IS A TRUE AND CORRECT COPY OF CERTIFICATE OF FORMATION OF "POSTROCK KPC PIPELINE, LLC" FILED IN THIS OFFICE ON THE THIRTEENTH DAY OF SEPTEMBER, A.D. 2010, AT 9:23 O'CLOCK P.M.

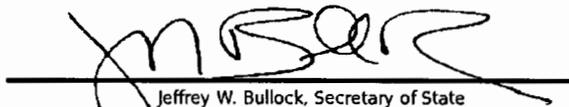
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This Certificate of Formation of PostRock KPC Pipeline, LLC (the "LLC") is being duly executed and filed by the undersigned, as an authorized person, to form a limited liability company under the Delaware Limited Liability Company Act.

FIRST: The name of the limited liability company formed hereby is PostRock KPC Pipeline, LLC.

SECOND: The address of the registered office of the LLC in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle 19801. The name of the registered agent of the LLC at such address is The Corporation Trust Company.

THIRD: This Certificate shall become effective upon the effectiveness of the Certificate of Conversion of Quest Pipelines (KPC), which shall become effective at 9:01 a.m. (Eastern Time) on September 14, 2010.

IN WITNESS WHEREOF, the undersigned has caused this Certificate of Formation to be duly executed as of September 13, 2010.



David Lawler
Authorized Person

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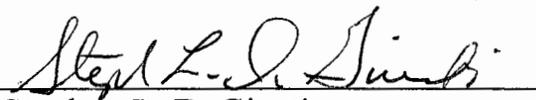
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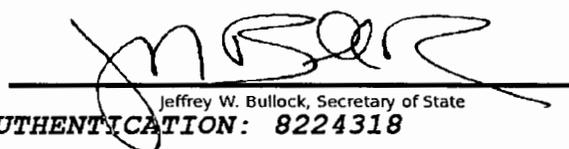
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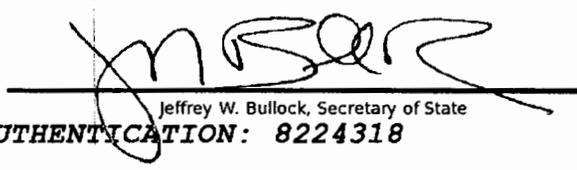
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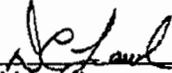
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