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November 10, 2008

**Fredrikson**  
& BYRON, P.A.

PUBLIC SERVICE COMMISSION

**Hand Delivered**

Mr. Darrell Nitschke  
Executive Secretary  
North Dakota Public Service Commission  
600 East Boulevard Avenue  
Dept. 408  
Bismarck, ND 58505-4080

**RE: PECAN PIPELINE (NORTH DAKOTA),  
INC.; EXTENSION OF GAS GATHERING  
FACILITY FROM PALERMO, NORTH  
DAKOTA TO ALLIANCE PIPELINE  
INTERCONNECT NEAR TOWNER,  
NORTH DAKOTA REFERRED TO AS  
THE PRAIRIE ROSE PIPELINE**

Dear Mr. Nitschke:

I. INTRODUCTION

Pecan Pipeline (North Dakota), Inc. ("Pecan North Dakota"), a wholly owned subsidiary of EOG Resources, Inc. ("EOG"), is proposing a natural gas pipeline extension of its existing gathering operations, which are performed in conjunction with EOG's development of oil and gas reserves in the Parshall-Bakken Pool in Mountrail County, North Dakota (the "Proposed Extension"). Currently, Pecan North Dakota has pending before the Federal Energy Regulatory Commission (the "FERC") a petition requesting a disclaimer of the FERC's jurisdiction over the Proposed Extension. The petition explains that the Proposed Extension will perform an exempt gathering function under Section 1(b) of the Natural Gas Act, 15 U.S.C. § 717(b) (2000). By letter dated October 14, 2008 to Mr. Patrick Fahn, Pecan explained that the Proposed Extension is likewise exempt from the jurisdiction of the North Dakota Public Service Commission (the "PSC") for purposes of the Energy Conversion and Transmission Facility Siting Act (the "Siting Act"). N.D.C.C. Chapter 49-22. While, to date, no formal response has been received from Mr. Fahn, we understand that the PSC will likely determine that Proposed Extension constitutes a "transmission facility" under the Siting Act. In that regard, Pecan submits this letter of intent so

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**Letter of Intent**

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that it may proceed, as soon as possible, to begin construction of its Proposed Extension referred to by Pecan and EOG as the Prairie Rose Pipeline.

## II. LETTER OF INTENT

Pursuant to Section 49-22-07.01 of the North Dakota Century Code and Section 69-06-03-01 of the North Dakota Administrative Code, Pecan hereby submits this Letter of Intent to construct a 12-inch steel natural gas pipeline from a proposed condensate recovery unit to be located near Palermo, North Dakota, in Mountrail County, North Dakota, approximately 75 miles to an interconnect with the Alliance Pipeline near Towner, North Dakota.

Pecan requests at this time that the PSC waive or modify the requirement that a Letter of Intent be filed one year before filing an application for siting of the Prairie Rose Pipeline.

### A. Description of Pipeline and area to be served.

Pecan is proposing a 12-inch steel line for the transportation of natural gas from a condensate recovery unit to be near Palermo, North Dakota. The proposed natural gas pipeline will be an extension of its existing natural gas gathering facility and connect a yet to be constructed condensate recovery unit to the Alliance Pipeline near Towner, North Dakota. Ongoing and ever increasing oil and gas drilling operations in Mountrail County has prompted shippers and producers to look for alternate markets for natural gas in the area. Installation of these pipeline facilities will allow Pecan to provide producers in the area which are currently not available.

### B. Map of Pipeline Route.

Map is attached as Exhibit "A".

### C. Estimated Cost of Construction and Schedule.

Pecan estimates that the total cost of constructing the Prairie Rose Pipeline is approximately \$45,000,000.00 Pecan anticipates construction commencing on or before April 1, 2009. Construction should last about three months and be completed on or before July 1, 2009.

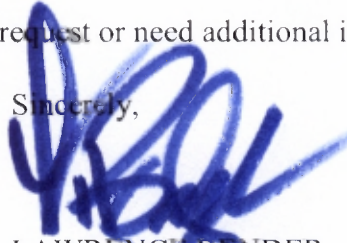
### D. Request for waiver of time frames.

To allow timely construction of the Prairie Rose Pipeline, Pecan hereby requests the Commission waive the requirement of filing a Letter of Intent at least one year prior to filing the application for a corridor certificate and route permit. It is requested that the Commission reduce this period to one day.

Mr. Darrell Nitschke  
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If you have questions regarding this request or need additional information, please advise.

Sincerely,



LAWRENCE BENDER

LB/clc  
Attachments  
cc: Mr. Dustin Ammons – (w/enc.)

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