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February 9, 2009

VIA HAND DELIVERY

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PUBLIC SERVICE COMMISSION

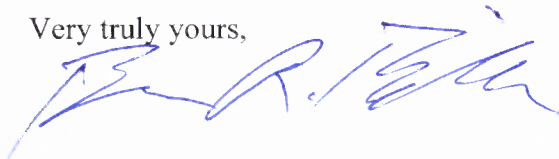
Mr. Darrell Nitschke
Executive Director
NORTH DAKOTA PUBLIC
SERVICE COMMISSION
600 E. Boulevard Avenue, Dept. 408
Bismarck, ND 58505-0480

Dear Mr. Nitschke:

In re: PU-08-923
 Saddle Butte Pipeline, LLC
 Our File No. 12-369-001

Enclosed for filing in the captioned matter, please find original and ten copies of letter dated February 6, 2009, from our client, Arrow Pipeline, LLC. Also enclosed please find Affidavit of Service by Mail upon Saddle Butte Pipeline, LLC. Please call should you have any questions.

Very truly yours,



BRIAN R. BJELLA

bw
Enc.

19 **PU-08-923** Filed: 2/9/2009 Pages: 5
**Letter Comments Re: Application for Cert. of Public
Convenience & Necessity in Response to Notice of
Opportunity for Hearing**

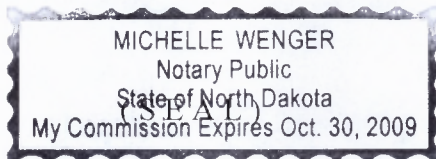
Arrow Pipeline, LLC

Brian R. Bjella, Atty, Crowley Fleck LLP

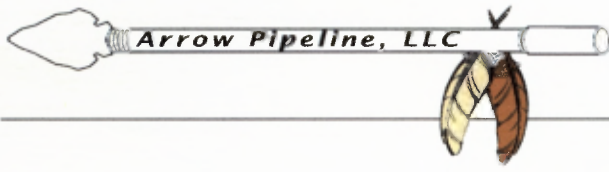
To the best of affiant's knowledge, the address above given was the actual post office address of the party intended to be served.

Beth Wald
Beth Wald

Subscribed and sworn to before me this 9th day of February, 2009.



Michelle Wenger
Michelle Wenger, Notary Public
Burleigh County, North Dakota
My Commission expires:



February 6, 2009

Public Service Commission
600 East Boulevard Ave., Dept. 408
Bismarck, North Dakota 58505-0489

RE: Case No. PU-08-923, Saddle Butte Pipeline, LLC
Natural Gas/Crude Oil System -- McKenzie and Dunn Counties
Application for Certificate of Public Convenience and Necessity

Dear Commissioners:

On November 25, 2008, Saddle Butte Pipeline LLC ("Saddle Butte") filed an application for a Certificate of Public Convenience and Necessity (the "Application") to construct and own a natural gas and crude oil pipeline system in McKenzie and Dunn Counties (the "Saddle Butte Project"). On December 31, 2008, the Commission issued a Notice of Opportunity for Hearing in the above-referenced proceeding, and on January 22, 2009 the Commission extended the opportunity to file comments and requests for hearing until February 9, 2009. Arrow Pipeline, LLC (described in further detail below) has reviewed the Application and hereby submits the following comments in response to certain statements made by Saddle Butte.

According to the Application, Saddle Butte intends to construct and own a gathering system to gather, process and transport crude oil, natural gas and water on and around the Fort Berthold Reservation (the "Reservation"). As partial justification for the Saddle Butte Project and the Application, Saddle Butte makes the following statement:

"Based upon knowledge and belief, there are no other pipelines, existing or planned, that provide the service of gathering, processing, and transporting crude oil, natural gas, and water from all operators on the Fort Berthold Reservation west of Lake Sakakawea in McKenzie or Dunn Counties, North Dakota that would be provided by the comprehensive Saddle Butte Gathering System." See *Application at pp. 6-7.*

In considering the Application, the Commission should be aware that this statement is not factually accurate for the reasons set forth herein.

Arrow Pipeline, LLC ("Arrow") is a limited liability company organized and existing under the laws of the State of Delaware, with its principal office located at 6100 S. Yale, Suite 1700, Tulsa, Oklahoma 74136, and is authorized to do business in North Dakota. Contrary to the statement made by Saddle Butte in its Application, Arrow also plans to own, construct, develop, maintain, manage and operate a gathering system on separately negotiated rights-of-way and leases on lands located principally on the Reservation for the gathering of crude oil, natural gas (including its constituents) and water from wells on the Reservation west of Lake Sakakawea in McKenzie and Dunn Counties (the "Arrow Project"), which overlaps with a portion of the general location on the Reservation as the planned Saddle Butte Project (as depicted on Exhibit A to their Application). Arrow is funded by one of the largest alternative investment managers in the world and has equity capital dedicated to it by its owners well in excess of the estimated cost of the currently proposed Arrow Project. Arrow does not require any outside capital in order to construct its system or operate in the future. Arrow also has in place an experienced management team with the expertise and resources needed to efficiently construct and operate the Arrow Project. In addition, in recognition that a large portion of the Arrow Project will be located on the Reservation and that close cooperation with the Three Affiliated Tribes (the "Tribe") would be essential for a successful project, Arrow began discussing the Arrow Project in detail with the Tribe and the Tribe's counsel in September 2008. Those discussions have resulted in Arrow securing approval (via certain Tribal resolutions) not only to move forward with the Arrow Project, but also for the Tribe to participate in the Arrow Project as an equity owner in Arrow.

Arrow Pipeline, LLC

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Tulsa, Oklahoma 74136
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The Commission should also be aware that from a construction and operation standpoint, for the past six months Arrow has been working extensively with an engineering and design firm in planning the Arrow Project. As a result of that work, Arrow is now in a position to purchase certain key pieces of equipment, including the necessary pipe, to complete the first phase of the Arrow Project consisting of the primary sections of the Arrow gathering system on the western portion of the Reservation west of Lake Sakakawea (the "First Phase"). In addition, Arrow has already contracted 100% of the necessary rights-of-way (as to both Tribal and fee lands) for the First Phase of the Arrow Project, with the acquisition of the rights-of-way over portions of the route already funded. An essential element of the Arrow Project is environmental compliance, and progress has been made in that area as well. On January 15, 2009 Arrow submitted its Environmental Assessment ("EA") to the Bureau of Indian Affairs ("BIA") for review and approval. If and when Arrow receives all approvals (including approval of its EA as well as other required approvals), Arrow currently expects to immediately fund the contracted rights-of-way over Tribal lands and to proceed with ordering additional equipment and commence construction on the First Phase upon equipment arrival. Arrow currently expects the First Phase of the Arrow Project to be operational before the end of 2009.

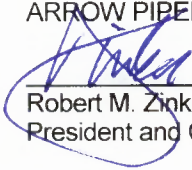
In addition to wishing to make the Commission aware of the existence and progress to date towards completion of the Arrow Project, Arrow also wishes to comment at this time on another statement in Saddle Butte's Application. Saddle Butte says that "[r]epresentatives of both the BIA and the Tribe have stated that a single comprehensive pipeline system is desired to address the gathering, processing and transporting needs on and around the Fort Berthold Reservation." See *Application at p. 6*. Arrow has obviously not been party to all communication between Saddle Butte and the BIA or the Tribe, and Arrow does not take the position that there can be only one gathering system on the Reservation. Arrow, however, believes it offers an economical and timely solution for the oil and natural gas producers on the Reservation and it intends to work with landowners, the Tribe, the BIA and producers to effectuate its business plan.

Arrow wishes to take this opportunity to thank the Commission for the opportunity to comment on the Application. We trust our comments about the Arrow Project will be helpful in the Commission's deliberations. While Arrow believes this filing is sufficient to bring the facts to the Commission's attention and does not seek to intervene or request a hearing on the Application, if the Commission otherwise determines that a hearing is in order, Arrow would like the opportunity to intervene at that time.

Should the Commission or its staff have any questions about this filing or need any further information, please contact the undersigned.

Sincerely,

ARROW PIPELINE, LLC



Robert M. Zinke
President and CEO