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PUBLIC SERVICE COMMISSION

August 10, 2010

Fredrikson
& BYRON, P.A.

VIA HAND DELIVERY

Mr. Darrell Nitschke
Executive Secretary
North Dakota Public Service Commission
600 E. Boulevard, Dept. 408
Bismarck, ND 58505-0480

**RE: Multiple Letters of Intent to Submit
Application for a Combined
Certificate of Corridor
Compatibility and a Route Permit
for Hiland Operating, LLC**

Dear Mr. Nitschke:

Please find enclosed herewith for filing an original and ten copies of the following:

1. Letter of Intent to Submit Application for a Combined Certificate of Corridor Compatibility and a Route Permit for Hiland Operating, LLC's 4-inch Natural Gas Liquids Pipeline Project, and Request for Waiver of One-Year Notice Period;
2. Letter of Intent to Submit Application for a Combined Certificate of Corridor Compatibility and a Route Permit for Hiland Operating, LLC's 6-inch Natural Gas Liquids Pipeline Project, and Request for Waiver of One-Year Notice Period; and
3. Letter of Intent to Submit Application for a Combined Certificate of Corridor Compatibility and a Route Permit for Hiland Operating, LLC's Natural Gas Liquids Pipeline Project, and Request for Waiver of One-Year Notice Period.

Also enclosed herewith is a disk containing the same in PDF format.

Should you have any questions, please advise.

Sincerely,


LAWRENCE BENDER

LB/kf
Enclosure

cc: Mr Mike Higgins – (w/enc.) *Via Email*
Mr. Joe Griffin – (w/enc.) *Via Email*
Mr. Patrick Fahn – (w/enc.) *Via Hand Delivery*

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600 E. Boulevard, Dept. 408
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RE: Letter of Intent to Submit Application for a Combined Certificate of Corridor Compatibility and a Route Permit for Hiland Operating, LLC's 4-Inch Natural Gas Liquids Pipeline Project, and Request for Waiver of One-Year Notice Period

Dear Mr. Nitschke:

Hiland Operating, LLC ("Hiland Operating"), a Delaware limited liability company authorized to do business in the State of North Dakota, is filing this Letter of Intent ("LOI") to submit an application for a combined Certificate of Corridor Compatibility and Route Permit for a natural gas liquids pipeline project pursuant to Chapter 49-22 of the North Dakota Century Code and Article 69-06 of the North Dakota Administrative Code. The proposed pipeline will transport liquid gasolines, *i.e.*, natural gas liquids ("NGLs"), from the Hiland Partners' natural gas processing plant near Cartwright, North Dakota, to Hiland Partners' proposed rail terminal facility, to be located west of Trenton, North Dakota. From the proposed rail terminal facility, the NGLs would be transported by railcar to areas served by the Burlington Northern Santa Fe Railroad Company ("BNSF").

With respect to the right-of-way for the proposed pipeline project, Hiland Operating plans to acquire easements from those landowners within the pipeline route ultimately approved by the North Dakota Public Service Commission ("Commission").

Waiver Request

Hiland Operating requests a waiver from Section 69-06-03-01 of the North Dakota Administrative Code, which establishes a one-year notice period between filing the LOI and filing the application for a combined Certificate of Corridor Compatibility and a Route Permit. Pursuant to Section 69-06-03-01, the Commission may approve a shorter notice period, and Hiland Operating requests that the one-year notice period be shortened from one year to six weeks. Hiland Operating requests a waiver of the one-year notice period in order to allow adequate time to permit and construct the pipeline by March 1, 2011.

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As required by Section 69-06-03-02 of the North Dakota Administrative Code, Hiland Operating provides the following information regarding the proposed pipeline project:

Size and Type of Facility

The proposed pipeline will consist of 4-inch steel pipeline and will be approximately 10 miles in length. The pipeline will originate at the Hiland Partners' natural gas processing plant four miles north and eight miles east of Cartwright, North Dakota, and terminate at the Hiland Partners' proposed rail terminal facility to the west of Trenton, North Dakota.

Area to be Served

The proposed pipeline project will transport NGLs from the Hiland Partners' natural gas processing plant near Cartwright, North Dakota, to the Hiland Partners' proposed rail terminal facility to the west of Trenton, North Dakota. The immediate area served by the proposed pipeline will be northwestern North Dakota; however, the NGLs transported by the proposed pipeline will ultimately be transported by railcar to the various delivery areas served by BNSF.

Map of the Study Area for the Proposed Corridor

Exhibit A is a map that depicts the proposed study area for the pipeline corridor.

Anticipated Construction and Operation Schedule

Hiland Operating anticipates that the pipeline will be operational by March 1, 2011. Hiland Operating proposes to develop the pipeline on the following schedule:

- Third Quarter 2010 – File a combined application with the Commission for a Certificate of Corridor Compatibility and Route Permit. In addition, Hiland Operating will, as needed, file applications for conditional use permits with local permitting authorities (counties and townships).
- Fourth Quarter 2010 – The Commission and the local permitting authorities grant appropriate certificates and permits for the pipeline.
- Fourth Quarter 2010 – Begin construction of the pipeline.
- First Quarter 2011 – Complete construction of the pipeline.

Estimated Total Cost of Construction

The total cost of the pipeline project is estimated to be approximately \$2,400,000.

Mr. Darrell Nitschke
August 10, 2010
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We look forward to working with the Commission on this matter. If you have any questions regarding the proposed pipeline project or this Letter of Intent, please do not hesitate to contact me.

Sincerely,

LAWRENCE BENDER

MMS:
Encl.

cc: Mr Mike Higgins – (w/enc.) *Via Email*
Mr. Joe Griffin – (w/enc.) *Via Email*
Mr. Patrick Fahn – (w/enc.) *Via Hand Delivery*

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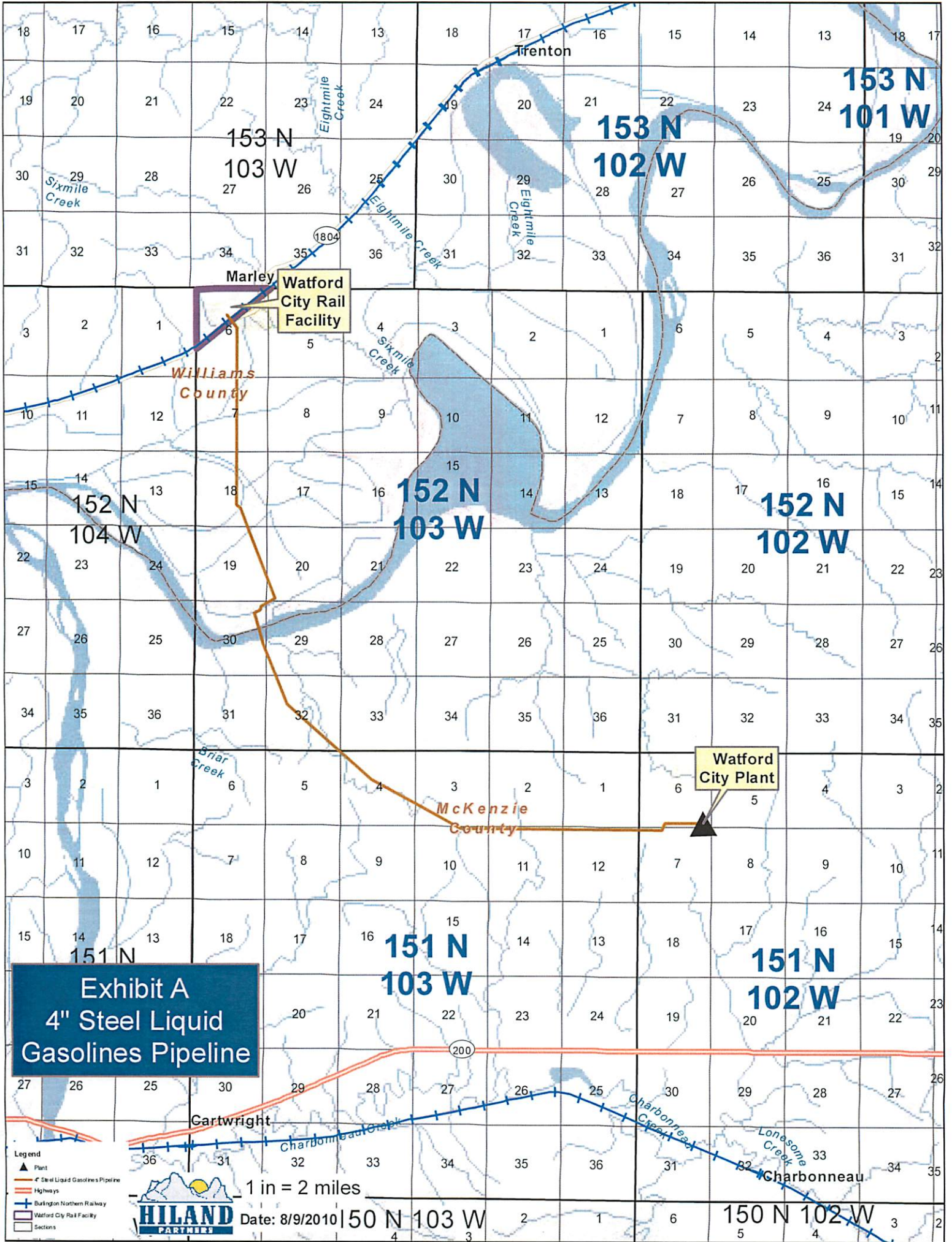


Exhibit A
4" Steel Liquid Gasolines Pipeline

- ▲ Plant
- 4" Steel Liquid Gasolines Pipeline
- Highways
- Burlington Northern Railway
- Watford City Rail Facility
- Sections



Date: 8/9/2010