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

RE: Letter of Intent to Submit Application for a Combined Certificate of Corridor Compatibility and a Route Permit for Hiland Operating, LLC's Natural Gas 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 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 take processed natural gas from the Hiland Partners' natural gas processing plant near Cartwright, North Dakota, to transmission pipelines owned by Northern Border Pipeline Company ("Northern Border") and Williston Basin Interstate Pipeline Company ("WBI"), and will interconnect with those transmission pipelines approximately five miles north of Cartwright, North Dakota. The proposed pipeline will enable the transportation of processed natural gas to transmission pipelines for delivery to areas served by Northern Border and WBI.

With respect to the right-of-way for the proposed pipeline, 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 complete construction of 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 a main line and a lateral line. The main line will be approximately 5.1 miles (approximately 27,000 feet) in length and will utilize 8-inch steel pipeline with a maximum allowable operating pressure (“MAOP”) of 1440 psig. The main line will originate at the Hiland Partners’ natural gas processing plant four miles north and eight miles east of Cartwright, North Dakota, and will terminate at Northern Border’s pipeline approximately five miles north of Cartwright, North Dakota.

The lateral line will extend off of the main line and interconnect the main line to WBI’s transmission pipeline at a point approximately one-half mile from the main line’s point of termination at the Northern Border pipeline. The lateral line will be approximately 1,500 feet in length and will also utilize 8-inch steel pipeline with a MAOP of 1440 psig.

Area to be Served

The proposed pipeline will take processed natural gas from the Hiland Partners’ natural gas processing plant near Cartwright, North Dakota, to nearby transmission pipelines owned and operated by Northern Border and WBI. The immediate area served by the proposed pipeline will be northwestern North Dakota; however, the processed natural gas in the proposed pipeline will be transported to various delivery areas served by Northern Border’s and WBI’s transmission pipelines.

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.

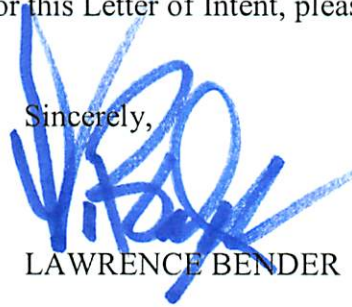
- First Quarter 2011 – Complete construction of the pipeline.

Estimated Total Cost of Construction

The total cost of the pipeline project is estimated to be approximately \$3,400,000.

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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