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September 10, 2010

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PUBLIC SERVICE COMMISSION

DARRELL NITSCHKE
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION
600 EAST BOULEVARD DEPT 408
BISMARCK ND 58505-0480

Hand-Delivered

RE: Application: Bear Paw Energy - Gas Processing Plant/Garden Creek Plant
Our File No. 13500

Dear Mr. Nitschke:

Attached are seven copies of the *proposed* Findings of Fact, Conclusions of Law, and Order for ONEOK issued pursuant to the public hearing that was held in Watford City on October 21, 2010.

If you have any questions, please contact me.

Respectfully,



William J. Delmore

WJD:mkd
Encs.



43 PU-10-568 Filed: 11/1/2010 Pages: 8
Proposed Findings of Fact, Conclusions of Law and
Order

Bear Paw Energy, LLC

William J. Delmore

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Bear Paw Energy, LLC
Garden Creek Gas Processing Plant - McKenzie County
Siting Application

Case No. PU-10-568

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

November __, 2010

Appearances

Commissioners Kevin Cramer, Chairman; Tony Clark, Commissioner; and Brian P. Kalk, Commissioner.

William J. Delmore, Attorney at Law, Kelsch Kelsch Ruff & Kranda, 103 Collins Avenue, PO Box 1266, Mandan, North Dakota 58554-7266, on behalf of the Applicants, Bear Paw Energy, LLC and Garden Creek Gas Processing Plant.

Matthew A. Sagsveen, Attorney at Law, Special Assistant Attorney General, 600 East Boulevard, Dept. 125, Bismarck, North Dakota 58505, on behalf of the Public Service Commission.

Patrick Fahn, Director-Compliance and Competitive Markets Division, Public Service Commission, State Capitol, Bismarck, North Dakota 58505, on behalf of the Public Service Commission.

Allen C. Hoberg, Office of Administrative Hearings, 1701 North Ninth Street, Bismarck, North Dakota 58501-1882, as Administrative Law Judge.

Witnesses

For Bear Paw Energy, LLC:

Russ Clark, Operation Engineer
Richard VandeBossche, Director, Pipeline Operations
William F. McCarthy, E3, Environmental Consultant

Preliminary Statement

On August 19, 2010, Bear Paw Energy, LLC (Bear Paw), filed with the Public Service Commission (Commission) a Letter of Intent to submit an Application for a Certificate of Site Compatibility to construct a gas processing plant (Garden Creek) in McKenzie County, North Dakota.

On September 10, 2010, Bear Paw filed an Application for a Certificate of Site Compatibility to authorize construction of a 100 MM cf/d processing plant located in McKenzie County, North Dakota.

On September 22, 2010, the Commission issued a Notice of Filing and Notice of Hearing scheduling a public hearing for October 21, 2010 at 10:00 a.m. CDT, in the Watford City Civic Center, 213 2nd Street Northeast, Watford City, North Dakota. The Notice identified the following issues to be considered:

1. Will the location, construction, and operation of the proposed facilities produce minimal adverse effects on the environment and upon the welfare of the citizens of North Dakota?
2. Are the proposed facilities compatible with the environmental preservation and the efficient use of resources?
3. Will the proposed facility locations minimize adverse human and environmental impact while ensuring continuing system reliability and integrity and ensuring that energy needs are met and fulfilled in an orderly and timely fashion?

On October 21, 2010, Bear Paw filed its Certification Relating to Order Provisions binding Bear Paw to requirements to be set forth by the Commission in its Order.

On October 21, 2010, the public hearing was held as scheduled.

Having allowed all interested persons an opportunity to be heard, and having heard, reviewed and considered all testimony and evidence presented, the Commission makes the following:

Findings of Fact

1. Bear Paw is a Delaware corporation headquartered in Tulsa, Oklahoma.
2. Bear Paw has been authorized to do business in the State of North Dakota since January 14, 2000, as evidenced by a Certificate of Good Standing issued by the North Dakota Secretary of State on August 30, 2010. At the hearing, Bear Paw stated that it would be constructing the Plant, who would be the operator of the Plant in the future. Bear Paw

requested that any Certificate of Site Compatibility issued by the Commission in this proceeding be issued to Bear Paw Energy, LLC.

3. The Garden Creek Gas Plant will be a 100 MM cf/d cryogenic gas processing plant, designed to process rich Bakken gas production currently being developed in eastern McKenzie County and southwestern Mountrail County. The Plant will be located in eastern McKenzie County near Watford City, North Dakota.
4. Bear Paw is an indirect, fully-owned subsidiary of ONEOK Partners, L.P., a publicly traded master of limited partnership.
5. Bear Paw has previously filed its 10-year plan with the Public Service Commission.
6. North Dakota's Energy Conversion and Transmission Facility Siting Act (Siting Act), Chapter 49-22 of the North Dakota Century Code, was initially enacted on April 9, 1975. Section 49-22-03(5) defines energy conversion facility as including any plant, addition or combination of plant and addition designed or capable of manufacture or refinement of one hundred million cubic feet of gas or more per day.
7. Based on information received at the hearing, Bear Paw has been issued all the environmental and regulatory permits required prior to construction.

Project Design

8. The Garden Creek Gas Plant will be a 100 MM cf/d cryogenic gas processing plant, designed to process rich Bakken gas production currently being developed in eastern McKenzie County and southwestern Mountrail County. Gas will be gathered through Bear Paw's low pressure gas gathering system and will be compressed at field compressor stations (some of which currently exist and some of which will be constructed to accommodate increasing gas volumes being developed by area producers). Gas from Bear Paw's gathering system will be delivered to the Garden Creek Plant at approximately 600 psig, where it will be processed for the extraction of natural gas liquids (NGLs). The plant is designed to recover approximately 25,000 BPD of NGLs. The NGLs will be delivered via pipeline to Bear Paw's Riverview rail terminal near Sydney, Montana, where the product will be transported via railcar or pipeline to various fractionation facilities. The residue gas production from the Garden Creek Plant will be delivered via pipeline into the Northern Border Pipeline. The Plant will consist of 23,000 horsepower of compression (electric driven), one turbo-expander, two fractionation towers, a hot oil system, three mol sieve dehydration vessels, and other related equipment.

Siting Criteria

9. North Dakota Administrative Code Chapter 69-06-08 sets forth certain criteria to guide the Commission in evaluating the suitability of granting an Application for the Certificate of Site Compatibility. The criteria set forth in North Dakota Administrative Code § 69-06-08-01 are classified as Exclusion Areas, Avoidance Areas, Selection Criteria, and Policy Criteria. With the exception of prime and unique farm land, an energy conversion facility must not be sited within an Exclusion Area. The exception for prime and unique farm land under North Dakota Administrative Code Section 69-06-08-01(d) is if the Commission finds that the prime farm and unique farm land that will be removed from use for the life of the facility is of such small acreage as to be of negligible impact on agricultural production, then such exclusion shall not apply. An energy conversion facility must not be sited within an Avoidance Area unless the applicant shows that under the circumstances there is no reasonable alternative. In determining whether an Avoidance Area should be designated for a facility, the Commission may consider, among other things, the proposed management of adverse impacts; the orderly siting of facilities; system reliability and integrity; the efficient use of resources; and alternate sites. In accordance with the Commission's Selection Criteria, an energy conversion facility shall be approved only if it is demonstrated that no significant adverse impacts will result from the location, construction, and operation of the facility. In accordance with the Commission's Policy Criteria, preference may be given to an applicant demonstrating certain benefits of the energy conversion facility.
10. Bear Paw used the Study Area consisting of the 80-acre Project site and approximately one (1) mile wide buff area centered upon the actual Plant site. There is one farm house located within this Study Area, but it is non-habitable based on information received at the hearing.
11. There is no other irrigated land within the Study Area or that will be affected by the Project.
12. No exclusion areas are located within either the Site or the Study Area.
13. The Project will not have any significant impact on the selection criteria set forth in North Dakota Administrative Code § 69-06-08-01(3).
14. Bear Paw submitted evidence to demonstrate commitment to maximize the benefits of the proposed energy conversion facility as far as is possible so as to meet the Policy Criteria set forth in North Dakota Administrative Code § 69-06-08-01(4).
15. Although there may be some temporary impacts on infrastructure resulting from construction of the Project, those temporary impacts will be offset by the benefits of the

construction activities on the local economy. No significant adverse impact is anticipated on the ability of the affected area to provide community services, such as housing, health care, schools, police and fire protection, water and sewer, solid waste management, transportation or public safety.

Cultural Resources

16. A Class I and Class III cultural resource inventory was conducted resulting in no adverse impacts on any cultural resources within the Study Area or nearby locations.
17. The State Historic Preservation Officer has concurred with the determination that no historic properties will be affected by the Project.

City Limits

18. The Study Area is near the City of Watford City but outside of its zoning authority and McKenzie County has no zoning ordinances. Therefore, the Project and the Plant does not affect any city limits and is in compliance with any zoning requirements of either McKenzie County or the City of Watford City.

Wetlands and Wildlife

19. The United States Fish and Wildlife Service (“USFWS”) has determined that the Project is not likely to result in the taking of any federally listed species, and that no further consultation is required. The North Dakota Game and Fish Department has indicated that it foresees no identifiable conflict with wildlife or wildlife habitat as a result of the Project.
20. A wetlands delineation in accordance with guidelines provided by the U.S. Army Corps of Engineers was conducted. There are no wetlands within the Study Area, and an area that is within the area has been described as a former farmhouse, but based on information received at the hearing, is uninhabitable.

Conclusions of Law

1. The Commission has jurisdiction over Bear Paw and over the subject matter of this Application under North Dakota Century Code Chapter 49-22.
2. Bear Paw is a utility as defined in North Dakota Century Code § 49-22-03(13).
3. The energy conversion facility proposed by Bear Paw is an energy conversion facility as defined in North Dakota Century Code § 49-22-03(5).

4. The location, construction, and operation of the proposed energy conversion facility will produce only minimal adverse effects on the environment and upon the welfare of the citizens of North Dakota.
5. The location, construction, and operation of the proposed energy conversion facility is compatible with environmental preservation and the efficient use of resources.
6. The proposed energy conversion facility will minimize adverse human and environmental impact, while ensuring continuing system reliability and integrity, and ensuring that energy needs are met and fulfilled in an orderly and timely fashion.
7. The proposed project is of such design and location that it will produce minimal adverse effects, as defined under North Dakota Century Code § 49-22-07.2.
8. It is appropriate for the Commission to waive those certain procedures and time schedules as requested in the Application and provided under North Dakota Century Code § 49-22-07.2.

From the foregoing Findings of Fact and Conclusions of Law, the Commission now issues its:

Order

The Commission orders:

1. Bear Paw's Application for a waiver of procedures and time schedules is granted.
2. Certificate of Site Compatibility for Energy Conversion Facility Case No. PU-10-568 is issued to Bear Paw for the construction, operation and maintenance of the Garden Creek Gas Processing Plant.
3. Bear Paw shall keep the Commission informed of all environmental and regulatory permits required and acquired in relation to the Plant.
4. Bear Paw shall file its updated ten-year Plan with the Commission within thirty (30) days of the issuance of this Order.
5. The October 19, 2010 Certification Relating to Order Provisions - Facility Siting is incorporated by reference and attached to this Order.

PUBLIC SERVICE COMMISSION

Tony Clark
Commissioner

Kevin Cramer
Commissioner

Brian P. Kalk
Commissioner