

August 12, 2011

VIA HAND DELIVERY

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

**RE: PLAINS PIPELINE, L.P.
BAKKEN NORTH PIPELINE
CASE NUMBER PU-10-630**

Dear Mr. Nitschke:

Plains Pipeline, L.P., respectfully submits herewith an original and ten (10) copies of the following documents in connection with the above-referenced matter:

1. Application for Waiver or Reduction of Procedures and Time Schedules; and
2. Consolidated Application For a Certificate of Corridor Compatibility and a Route Permit.

Also enclosed herewith is a CD containing the same in electronic format, as well as a check in the amount of \$100,000.00 for the filing fee required pursuant to Section 49-22-22 of the North Dakota Century Code.

The map for publication will be provided in the near future.

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

Sincerely,


LAWRENCE BINDER

LB/tsv
Enclosures

cc: John Kyles (*via e-mail w/out enclosures*)

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Attorneys & Advisors
main 701.221.4020
fax 701.221.4040
www.fredlaw.com

Fredrikson & Byron, P.A.
200 North Third Street, Suite 150
Bismarck, North Dakota
58501-3879

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NORTH DAKOTA

IN THE MATTER OF THE APPLICATION
OF PLAINS PIPELINE, L.P., FOR A
CERTIFICATE OF CORRIDOR
COMPATIBILITY AND ROUTE PERMIT
FOR THE CONSTRUCTION OF AN
APPROXIMATELY 31.5-MILE-LONG 12-
INCH CRUDE OIL PIPELINE AND
ASSOCIATED FACILITIES IN WILLIAMS
COUNTY, NORTH DAKOTA

CASE NO. PU-10-630

**Application of Plains Pipeline, L.P.,
for Waiver or Reduction of Procedures and Time Schedules**

In connection with its submission of a consolidated application for a Certificate of Corridor Compatibility and Route Permit (Consolidated Application) for a 12-inch crude oil pipeline project, approximately 31.8 miles of which will be located in Williams County, North Dakota (the Project), Plains Pipeline, L.P. (Plains), submits to the North Dakota Public Service Commission (Commission) this application for a waiver or reduction of procedures and time schedules set forth in Chapter 49-22 of the North Dakota Century Code (Siting Act) and Article 69-06 of the North Dakota Administrative Code (Siting Rules). In accordance with Section 49-22-07.2 of the North Dakota Century Code and Chapter 69-06-06 of the North Dakota Administrative Code, Plains requests that the Commission waive the following requirements:

1. That the Commission hold a separate hearing on a waiver request, a Certificate of Corridor Compatibility (Corridor Certificate) application and a Route Permit application, as may be required by Sections 49-22-07.2, 49-22-08, 49-22-08.1 and 49-22-13 of the North Dakota Century Code and Chapter 69-06-01-02 of the North Dakota Administrative Code. Plains requests that the Commission hold a single consolidated hearing on this waiver request and its Consolidated

Application. Plains also requests that the Commission shorten the three-month period specified in Section 49-22-08(5) of the North Dakota Century Code and Section 69-06-06-02(2) of the North Dakota Administrative Code, and the six-month period specified in Section 49-22-08.1(5) of the North Dakota Century Code.

2. That the Commission waive the requirements of Sections 49-22-08 and 49-22-08.1 of the North Dakota Century Code insofar as these sections may require the separate filing of applications for a Corridor Certificate and a Route Permit, and insofar as they require separate publication of notices of filing said applications.
3. That the Commission waive requirements for mylar maps and stereo-pair aerial photographs as set forth in the Commission's Energy Conversion and Transmission Facility Siting Guidelines for Certificate of Corridor Compatibility and Route Permit Applications. Geographic Information System (GIS) maps that meet the intent of the Commission's requirements are provided in the Consolidated Application.

Consistent with the Commission's Energy and Transmission Facility Siting Guidelines (Commission's Guidelines), Plains provides the following information in support of its waiver requests:

A. Description of Proposed Project.

1. **Type:** The Project will require installation of an underground steel pipeline that will transport crude oil. For the North Dakota portion of the Project, surface facilities installed will include three (3) block valves, "pig" launchers and receivers and pipeline markers. The Project will also require installation of equipment at the Plains' Trenton Station, located near

Trenton, North Dakota, consisting of: two mainline pumps, approximately 1,000 horsepower each, to be installed in series; one ultrasonic integrity meter; and miscellaneous appurtenant piping.

2. **Product**: The Project will transport crude oil.

3. **Size and Design**: The Project will require the installation of a 12.75-inch outside diameter steel pipeline with a nominal wall thickness of 0.250 inches denoted as American Petroleum Institute (API) 5L PSL 2 X52 line pipe. The nominal wall thickness will increase to 0.334 inches for specific locations, such as roads crossings. The maximum operating pressure (MOP) will be 1,468 pounds of pressure per square inch gauge (psig). The valves to be installed will be 12-inch ANSI 600, flange end by flange end, through conduit, slab gate valves with motor operators for remote actuation. These valves will be manufactured in accordance with API Standard 6D "API Specification for Steel, Gate, Plug, Ball and Check Valves for Pipeline Service." The MOP of the valve will be 1,468 psig. The Project will have an initial capacity of 48,000 barrels per day (bpd), expandable to 75,000 bpd. The steel pipeline utilized for the Project will meet United States Department of Transportation regulations, specifically the design criteria outlined in 49 CFR Part 195, Subpart C. The Project will be constructed in accordance with 49 CFR Part 195, Subpart D, and operated and maintained in accordance with 49 CFR Part 195, Subpart F.

4. **Location**: The total length of the Project is approximately 79 miles, with approximately 31.8 miles to be located in Williams County, North Dakota. The pipeline would originate at Plains' Trenton Station, located approximately 9.5 miles from Williston, North Dakota, and would move generally north and west to a point approximately 2.5 miles north of Outlook in Sheridan County, Montana. From there, the Wascana Pipeline would transport crude

oil to Regina, Saskatchewan, where the pipeline would interconnect with third-party carriers that would provide access to Cushing, Oklahoma and/or Petroleum Administration for Defense Districts (PADD II) delivery points. Maps of the proposed Project are provided in Appendix B to the Consolidated Application provided herewith.

5. **Geographical Service Area:** As noted above, the proposed Project would take crude oil from Plains' Trenton Station located near Williston, North Dakota, to a point near Outlook, Montana. The immediate area served by the proposed Project will be northwestern North Dakota and northeastern Montana; however, the crude oil will ultimately be transported to Cushing Oklahoma and/or PADD II delivery points.

6. **Time Schedule:** Plains has a target in-service date for the Project of on or before December, 2012. Plains proposes to develop the Project on the following schedule:

- August, 2011 – Plains files with the Commission a consolidated application for a Corridor Certificate and Route Permit.
- October, 2011 – The Commission issues a Corridor Certificate and Route Permit for the Project.
- Second Quarter 2012 – Plains will begin construction of the Project.
- Late Third Quarter or Early Fourth Quarter 2012 – Plains will have completed construction of the Project.
- Early 2013 – Final restoration will be completed.

7. **Future Plans:** At this time, Plains has no specific plans for additions to or modifications of the Project.

B. Need for Facility.

The development of hydrocarbon production in the Williston Basin has increased significantly in recent years due to advancements in deep horizontal directional drilling techniques and subsequent oil extraction in the Bakken and Three Forks shale formations. The

total recoverable amount of Bakken and Three Forks oil reserves is subject to interpretation and speculation. Studies conducted by the North Dakota Department of Mineral Resources (NDDMR)¹ and the U.S. Geological Survey² indicate that 4.0 to 6.3 billion barrels of recoverable crude oil reserves may be available in North Dakota's deep shale formations. Oil production statistics for the Bakken and Three Forks formations from the NDDMR indicate that oil production has increased dramatically over the past three years from nearly 110,000 bpd in 2007 to nearly 386,600 bpd in June, 2010. Oil production is expected to increase by an additional 200,000 to 300,000 bpd in 2015.

The major constraint in transporting oil from North Dakota to refining centers in the United States is the lack of pipeline capacity. Interstate pipelines offering delivery out of the Bakken formation are few. To relieve the pipeline constraints, several major projects have been planned to address the growing volumes of crude oil, but pipeline capacity is not expected to keep pace with production until early 2013, leaving incremental volumes to find alternative methods, primarily by rail.

With the constraints to the existing transportation infrastructure in the Project area, construction of the Project would provide Plains with a mechanism to manage the crude oil transported so as to determine the schedule and destination in a way that will allow producers to obtain the highest market value. Additionally, accessing rail facilities from Plains' Trenton Station would involve significant movement of crude oil by tanker truck over public roadways, a public safety issue that the proposed Project would prevent. Thus, the Project will provide

¹ Bohrer, M., Fried, S., Helms, L., Hicks, B., Juenker, B., McCusker, D., Anderson, F., LeFever, J., Murphy, E., and Nordeng, S. North Dakota Department of Mineral Resources. State of North Dakota Bakken Resources Study Project 23 (2008).

² United States Geological Survey. Assessment of Undiscovered Oil Resources in the Devonian-Mississippian Bakken Shale Formation, Williston Basin Province, Montana and North Dakota (2008). Web access in March, 2011 at: <http://geology.com/usgs/bakken-formation-oil.shtml>.

needed capacity to transport crude oil production safely and economically from the Bakken and Three Forks formations to third-party facilities with access to major markets.

For additional analysis of the need for the proposed Project, including a discussion of the alternatives evaluated, please see Section 3 of the Corridor Certificate portion of Plains' Consolidated Application, which accompanies this waiver application.

The proposed Project is consistent with Plains' Ten-Year Plan for 2011-2021, which was filed with the Commission on July 1, 2011 (*see* Case No. PU-11-388).

C. Cost.

Plains estimates that it will cost approximately \$25 million to develop the North Dakota portion of the Project. The estimated cost for the entire Project is expected to range from \$160 million to \$200 million, with final cost being driven by pipeline routing, materials and right-of-way procurement, as well as terminalling and connection arrangements.

D. Waiver Request.

Plains requests that the Commission grant the waivers requested herein because said waivers are needed in order to prevent potentially significant delays to the Project. As noted above, the Project is needed in order to provide a safe and economical means of transporting crude oil from Plains' Trenton Station to the interconnection with the Wascana Pipeline, near Outlook, Montana, which will then transport crude oil on to a point of interconnection with third-party carriers in Regina, Saskatchewan. Utilizing the proposed Project to transport crude oil from the Trenton Station will eliminate the need to transport the crude oil to rail facilities or other pipeline facilities via truck, which, in turn, will reduce truck traffic on North Dakota roads and highways. Without the waivers of time schedules and procedures requested, completion of Plains' proposed Project will be delayed and the Project will not be able to satisfy the immediate

need for a safer, more efficient means of transporting crude oil from the Trenton Station to third-party carrier facilities that have access to major markets.

Section 49-22-07.2 of the North Dakota Century Code provides that the Commission may waive procedures and time schedules upon a finding that “the proposed facility is of such length, design, location, or purpose that it will produce minimal adverse effects.” Based upon the investigation and analysis set forth in Plains’ Consolidated Application for the Project, granting the waivers requested is appropriate because the proposed facility will produce minimal adverse effects due to its length (only approximately 31.8 miles of the Project would be located within North Dakota), its design (an underground, small-diameter pipeline with few above-ground appurtenances), its location (crossing pasture and farmland in rural Williams County and avoiding Exclusion and Avoidance Areas, as set forth in Section 69-06-08-02 of the North Dakota Administrative Code), and its purpose (underground pipeline transportation of crude oil).

In determining whether the proposed facility will result in adverse impacts on the environment, Plains evaluated the Project using the criteria set forth in the Siting Act, the Siting Rules, and the Commission’s Guidelines. More specifically, Plains evaluated the impacts of the Project considering the siting criteria set forth in Section 69-06-08-02 of the North Dakota Administrative Code and the factors set forth in Section 49-22-09 of the North Dakota Century Code. Impacts associated with the Project, and mitigation measures that will be taken with respect to said impacts, are summarized in Sections 4 and 5 of the Corridor Certificate portion of the Consolidated Application, and Sections 3 and 4 of the Route Permit portion of the Consolidated Application. Based upon Plains’ siting criteria evaluation, and the factors set forth in the Guidelines, the proposed facility will have minimal adverse effects.

