

January 4, 2012

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.
CRUDE OIL PIPELINE – WILLIAMS
COUNTY
CASE NUMBER PU-10-630**

Dear Mr. Nitschke:

Enclosed for filing in connection with the above-referenced matter are an original and ten (10) copies of the following:

1. Late-filed Exhibit 9 (concurrence letter from the North Dakota State Historic Preservation Office regarding Addendum 2 to the Class I and Class III Cultural Resources Inventory Report);
2. Late-filed Exhibit 10 (maps of the final proposed Project route and survey corridor); and
3. Proposed Findings of Fact, Conclusions of Law and Order.

Also enclosed herewith is a CD containing this letter and the above-noted documents in electronic format.

If you have questions regarding this matter, please advise.

Sincerely,



MOLLIE M. SMITH

MMS/ms
Enclosures

cc: John Kyles (*w/o enclosure – via e-mail*)

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Attorneys & Advisors / Fredrikson & Byron, P.A.
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STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Plains Pipeline, L.P.
Crude Oil Pipeline – Williams County
Siting Application

Case No. PU-10-630

**FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER GRANTING
CORRIDOR CERTIFICATE AND ROUTE PERMIT**

January __, 2012

Appearances

Commissioners: Tony Clark, Kevin Cramer, and Brian P. Kalk.

Mollie M. Smith, Attorney-at-Law, Fredrikson & Byron, P.A., 200 North Third Street, Suite 150, Bismarck, North Dakota 58501, on behalf of Plains Pipeline, L.P.

Mitchell D. Armstrong, Special Assistant Attorney General, Legal Counsel for the North Dakota Public Service Commission.

Patrick Fahn, Director – Compliance and Competitive Markets Division, Public Service Commission, 600 East Boulevard, Bismarck, North Dakota 58505.

Al Wahl, Administrative Law Judge, Office of Administrative Hearings, 2911 North 14th Street – Suite 303, Bismarck, ND 58503, as Procedural Hearing Officer.

Preliminary Statement

Under North Dakota Century Code, Section 49-22-07, a utility may not begin construction of a transmission facility in the state without first having obtained a route permit. The facility must be constructed, operated, and maintained in conformity with the permit and any terms, conditions, or modifications of the permit.

On August 12, 2011, Plains Pipeline, L.P. (“Plains”), filed with the North Dakota Public Service Commission (“Commission”) a consolidated application for a Certificate of Corridor Compatibility and Route Permit (“Application”) to authorize construction of a crude oil pipeline project (“Project”) in Williams County, North Dakota.

Plains also requests that the Commission waive the following requirements: (1) that the Commission hold a separate hearing on Plains’ waiver request, certificate of corridor compatibility application and route permit application; (2) separately filed applications for a corridor certificate and a route permit, and separate publication of notices of filing the applications; and (3) the submission of mylar maps and stereo-pair aerial photographs, per the Commission’s Application Guidelines for a Corridor Certificate and a Route Permit.

On September 7, 2011, the Commission deemed the Application complete and issued a Notice of Filing and Notice of Hearing scheduling a hearing for November 1, 2011, at 10:00 am at City Hall, 22 E Broadway, Williston, North Dakota.

The Notice of Hearing identified the following issues to be considered with respect to Plains' application for waiver of procedures and time schedules:

1. Are the proposed facilities of such length, design, location, or purpose that they will produce minimal adverse effects and that adherence to applicable procedures and time schedules may be waived?
2. Is it appropriate for the Commission to waive any procedures and time schedules as requested in the application?

The Notice of Hearing identified the following issues to be considered with respect to Plains' applications for a certificate of corridor compatibility and route permit:

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 28, 2011, Plains filed an Amendment of Application for Route Permit providing information regarding certain re-routes.

On November 1, 2011, the public hearing was held as scheduled.

On January 4, 2012, Plains filed late-filed Exhibit 9 (concurrence letter from the North Dakota State Historic Preservation Office ("SHPO") regarding Addendum 2 to the Class I and Class III Cultural Resources Inventory Report) and late-filed Exhibit 10 (maps of the final proposed Project route and survey corridor) with the Commission.

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. Plains is a Texas limited partnership, that is headquartered in Houston, Texas.
2. Plains is authorized to transact business in the State of North Dakota, as evidenced by the testimony presented by Plains at the public hearing.

Size, Type, and Preferred Location of Facility

3. The Project will consist of an approximately 79-mile long, 12.75-inch outside diameter underground crude oil pipeline that extends from the Plains Pipeline Trenton Station near Trenton, North Dakota, to an interconnection point with the existing Wascana Pipeline approximately 2.5 miles north of the town of Outlook in Sheridan County, Montana. The North Dakota portion of the Project will be approximately 32.1 miles in length and will extend from the Trenton Station to the North Dakota/Montana border. The portion of the Project in North Dakota will be located entirely in Williams County. The estimated cost of the North Dakota portion of the Project is \$25 million.

4. The Project will utilize 12.75-inch outside diameter steel pipe and the maximum allowable operating pressure will be 1,468 pounds per square inch gauge. The initial capacity will be 48,000 barrels per day ("bpd"), with a maximum capacity of up to 75,000 bpd.

5. Surface facilities installed as part of the Project will include: two mainline pumps (approximately 1,000 horsepower each to be installed in series); one ultrasonic integrity meter; three mainline block valves and two mainline check valves located in North Dakota; miscellaneous appurtenant piping; "pig" launchers; a SCADA system; pipeline markers; and aerial markers. Small fenced-in enclosures to house equipment will also be installed at the valve sites.

Need for the Facility

6. Plains has concluded that there is a need for the facility because there is insufficient capacity from existing and planned pipeline infrastructure to meet the anticipated future transportation needs of producers in the Bakken and Three Forks development area. The Project will provide producers in the Bakken and Three Forks development area with an additional option for transporting their crude oil to third-party pipelines with connections to key markets within the United States.

Study of Preferred Route(s)

7. In its Application, Plains defined a one-mile wide study area centered on the preferred pipeline route. For the majority of the Project, Plains identified an approximately 140-foot wide survey corridor centered on the preferred pipeline route for the purpose of conducting cultural resource field surveys, biological and wetland/waterbody field surveys and environmental assessments. For certain areas that were re-routed after the initial application was filed, the survey corridor ranged from 70-feet wide to 200-feet wide. Field surveys were also conducted for all Project facility locations and temporary workspace areas. The field survey corridor for the final proposed Project route, which includes the Project facility locations and temporary workspace areas that were field surveyed, is identified in late-filed Exhibit 10.

8. Plains analyzed a number of alternatives and factors, including engineering, economic, and environmental factors to determine the most feasible route. The alternatives considered included a no action alternative, a trucking alternative, a rail alternative, and routing alternatives.

9. The following agencies were contacted by Plains and provided written comments: North Dakota Game and Fish Department; North Dakota Parks & Recreation Department; North Dakota State Land Department; and SHPO.

10. Plains conducted a Class I literature search on the one-mile wide study area, and a Class III cultural resource inventory was completed on the narrower field survey corridor, including all areas that will be used in conjunction with construction of the Project. Additionally, environmental data collected included information on soils, land use, wetlands and waterbody crossings, noxious weeds, trees and shrubs, and protected species and habitat.

11. The SHPO has concurred with the determination that no historic properties or significant sites will be affected by the Project so long as the Project area remains as described collectively in the Class I and Class III Cultural Resource Inventory, the Addendum to the Class I and Class III Cultural Resource Inventory, and Addendum 2 to the Class I and Class III Cultural Resource Inventory, and any avoidance measures for unevaluated and/or eligible sites set forth in the reports are followed.

12. The Commission has established criteria pursuant to North Dakota Century Code Section 49-22-05.1 to guide the Commission in evaluating the suitability of granting an application for a Certificate of Corridor Compatibility and Route Permit. The criteria, as set forth in North Dakota Administrative Code Section 69-06-08-02, are classified as Exclusion Areas, Avoidance Areas, Selection Criteria and Policy Criteria.

13. A transmission facility route must not be sited within an Exclusion Area. One type of Exclusion Area, state archaeological sites, is present within the corridor, but all sites are avoided by the route.

14. A transmission facility route must not be sited within an Avoidance Area unless the applicant shows that under the circumstances there are no reasonable alternatives. In determining whether an Avoidance Area shall 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 alternative routes. The route will pass within 500 feet of one occupied residence. Plains has obtained a written waiver of the Avoidance Area criteria from the owner of the residence.

15. In accordance with the Commission's Selection Criteria, a transmission route shall be approved if it is demonstrated that any significant adverse impacts that will result from the location, construction, and maintenance of the transmission facility will be at an acceptable minimum or managed and maintained at an acceptable minimum. Plains has analyzed the impacts of the Project in relation to all of the relevant Selection Criteria. The Project will have no significant adverse impacts on the Commission's Selection Criteria.

16. Wetland delineations were completed along the proposed route. Wetlands are present within the study area and will be crossed by the route. Plains will take steps to protect wetlands and waterbodies, and no permanent impacts to wetlands or waterbodies are anticipated. Some woodlands are present within the study area, and have been avoided by the route to the extent practicable. An inventory of trees and shrubs that would be affected by the Project has been

completed, and trees and shrubs have been counted and will be replaced in accordance with the Commission's tree and shrub mitigation specifications.

17. The Project may result in modification of habitat and temporary displacement of wildlife, due to clearing and construction. The Project will have no significant impact on fish and wildlife resources and no impacts are anticipated to endangered, threatened or sensitive plant or animal species.

18. In accordance with the Commission's Policy Criteria, preference may be given to an applicant demonstrating certain benefits of the transmission facility. Plains has analyzed the relevant Policy Criteria and has expressly committed to designing, constructing and operating the pipeline in accordance with all applicable federal, state and local laws and regulations; energy conservation through the facility's location, process and design; training and utilizing available labor in the state; constructing the Project to take advantage of economies of scale; achieving transmission capacity in the most minimally intrusive and most efficient way possible; and coordinating with state and local officials. Plains submitted evidence to demonstrate commitment to maximize the benefits of the proposed transmission facility as far as is possible so as to meet the Policy Criteria.

19. It is appropriate to authorize a corridor only for the area for which Plains performed the more thorough cultural resource study.

Measures to Minimize Impact

20. Plains has agreed to a number of steps to mitigate the impact of the Project, as indicated by the October 28, 2011 Certification Relating to Order Provisions – Transmission Facility Siting, with accompanying Tree and Shrub Mitigation Specifications, which is attached to this Order.

21. The Project's permanent right-of-way ("ROW") will be 30 feet wide, while its temporary ROW will generally be 70 feet wide. Additional temporary workspace may be required at certain locations (e.g., road, railroad and waterbody crossings), while a narrower temporary ROW may be used in environmentally sensitive areas. The construction ROW will be reduced to 50 feet wide in wooded areas. Plains will generally use existing public roads to access the ROW, but may need to construct short gravel roads to access valve sites.

22. The design, construction and operation of the pipeline will be in accordance with the United States Department of Transportation regulations governing the transportation of crude oil, as prescribed under 49 CFR Parts 194 and 195.

23. Plains will utilize environmental monitors and inspectors to comply with all applicable permits.

24. Plains will participate in the North Dakota One-Call Excavation Notice System.

25. Plains will prepare an Emergency Response Plan and make it available to local authorities and first responders.

From the foregoing Findings of Fact, the Commission now makes its:

Conclusions of Law

1. The Commission has jurisdiction over the applicant, Plains Pipeline, L.P., and over the subject matter of this application under North Dakota Century Code Chapter 49-22.
2. Plains is a utility as defined in North Dakota Century Code Section 49-22-03(13).
3. The proposed pipeline is a transmission facility as defined in North Dakota Century Code Section 49-22-03(12).
4. The location, construction, and operation of the Project will produce minimal adverse effects on the environment and upon the welfare of the citizens of North Dakota.
5. The location, construction and operation of the Project are compatible with environmental preservation and the efficient use of resources.
6. The Project 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 Project is of such design and location that it will produce minimal adverse effects, in accordance with North Dakota Century Code Section 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 Section 49-22-07.2.

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

Order

The Commission orders:

1. Plains Pipeline, L.P.'s application for a waiver of procedures and time schedules is granted.
2. Certificate of Corridor Compatibility Number ___ is issued to Plains Pipeline, L.P., designating a corridor for the construction, operation, and maintenance of the proposed pipeline and associated facilities in Williams County, North Dakota. For purposes of the Certificate, the Corridor consists of the field survey corridor identified in late-filed Exhibit 10, which is incorporated by reference and attached hereto.
3. Route Permit Number ___ is issued to Plains Pipeline, L.P., granting authority to construct and operate a 12.75-inch crude oil pipeline and associated facilities in Williams County, North Dakota.

4. The October 28, 2011 Certification Relating to Order Provisions – Transmission Facility Siting is incorporated by reference and attached to this Order.

5. To the extent there are any conflicts or inconsistencies between the Application and the certification provisions, the certification provisions control.

PUBLIC SERVICE COMMISSION

Kevin Cramer
Commissioner

Tony Clark
Chairman

Brian P. Kalk
Commissioner



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November 3, 2011

Ms. Judith Cooper
Principal Investigator
SWCA Environmental Consultants
Bismarck Office
116 North 4th St, Suite 200
Bismarck ND 58501

NDSHPO REF.: 11-2132 PSC "Addendum 2 to a Class I and Class III
Cultural Resource Inventory of the Bakken North Pipeline, Williams County,
North Dakota" [T155N R102W Section 15, 22]

Dear Ms. Cooper:

We reviewed NDSHPO REF.: 11-2132 PSC "Addendum 2 to a Class I and
Class III Cultural Resource Inventory of the Bakken North Pipeline, Williams
County, North Dakota" and find the report acceptable.

If consulted by a federal or state agency, we would concur with "No Historic
Properties Affected" and "No Significant Sites Affected" determinations
provided the project is of the nature stated and it takes place in the plotted
location in the above-referenced report.

If you have questions please contact Susan Quinnell at squinnell@nd.gov or
(701) 328-3576.

Sincerely,

Merlan E. Paaverud, Jr.
State Historic Preservation Officer (North Dakota)
and
Director, State Historical Society of North Dakota

C: Mr. Patrick Fahn, PSC