

Bear Paw Energy, LLC ("BPE") hereby submits our ten-year plan pursuant to North Dakota Century Code § 49-22-04 and North Dakota Administrative Code Chapter 69-06-02.

SECTION A: Existing Energy Conversion Facilities

Part I

1. Location: BPE owns and operates an existing energy conversion facility at our Grasslands Gas Plant facility (formerly named McKenzie Gas Plant) located in Township 148 North, Range 105 West Section 36 in McKenzie County near Sidney, MT. A map showing the location of the site is attached hereto as **EXHIBIT "A"**.
  
2. Type and Capacity:  
The plant cryogenically processes the casing head gas, generally high in natural gas liquids (NGLs), after the acid gas component and moisture have been removed from the gas. The raw NGLs are then fractionated into purity products that include propane, iso-butane, normal butane and natural gasoline. The separated products are then sold via truck at the facility or transported via pipeline to an offsite railcar loading facility.
  - a. Product Type: Natural Gas and separated NGLs
  - b. Plant Property Area: 160 acres (SE/4 of Section 36)
  - c. Plant Inlet Gas Rate: 100 MMscfd
  - d. Maximum Design Operating Pressure: 720 psig
  - e. Residue Gas Production: 81 MMscfd
  - f. Compressor specifications, including type, horsepower, output pressure and capacity:

- i. Ten 1,500 high pressure (HP) inlet/residue compressors
  - ii. Two 1,250 HP inlet/residue compressors
  - iii. Two 800 HP refrigeration compressors
  - iv. One 1,000 HP acid gas compressor
  - v. One 1,500 HP acid gas compressor
- Total compression horsepower: 21,600 HP
- g. NGL Production: 1,882,000 lbs/d
  - h. Plant in-service date: December 1980

This existing energy conversion facility is not committed to be retired in the next ten years.

## SECTION B: Energy Conversion Facilities Under Construction

### Part I

1. Location: BPE has received a Certificate of Site Compatibility for the Garden Creek Gas Plant facility (PSC Case PU-10-568). This will be a 100 MMscfd facility located in Township 151 North, Range 98 West, Section 35 in McKenzie County near Watford City, ND. A map showing the location of the site is attached hereto as **EXHIBIT "B"**.
2. Type and Capacity:
 

The plant will cryogenically process casing head gas, which is generally high in natural gas liquids (NGLs), after the moisture has been removed from the gas. The raw NGLs will then be stabilized to remove ethane and methane to produce natural gas, Y-Grade NGLs and natural gasoline. The separated NGL products will be sold via truck at the facility or transported via pipeline to an offsite railcar loading facility while the natural gas will be transported via pipeline to an interstate natural gas pipeline system. A gathering system compressor station is on the site and operates independently of the gas plant.

  - a. Product Type: Natural Gas and separated NGLs
  - b. Plant Property Area: 80 acres (S1/2SE1/4 of Section 35)
  - c. Plant Inlet Gas Rate: 100 MMscfd
  - d. Maximum Design Operating Pressure: 1550 psig
  - e. Residue Gas Production: 81 MMscfd
  - f. Compressor specifications, including type, horsepower, output pressure and capacity:
    - i. Five 3,000 HP high pressure residue compressors
    - ii. Two 200 HP regeneration gas compressors
    - iii. Three 2500 HP refrigeration compressors
    - iv. Two 350 HP stabilizer overhead gas compressors
  - b. Total compression horsepower: 23,600 HP
  - g. NGL Production: 2,170,000 lbs/d
  - h. Anticipated Plant in-service date: Fourth Quarter 2011

## Part II

3. Location: BPE has received a Certificate of Site Compatibility for the Stateline 1 and 2 Gas Plant facility (PSC Case PU-10-666). This site will have 2 separate 100 MMcfd processing trains (Stateline 1 and Stateline 2) located in Township 155 North, Range 103 West, Section 21, SW/4 in Williams County near Williston, ND. A map showing the location of the site is attached hereto as **EXHIBIT "C"**.

4. Type and Capacity:

The plants will cryogenically process casing head gas, generally high in natural gas liquids (NGLs), after the moisture has been removed from the gas. The raw NGLs will then be stabilized to remove ethane and methane to produce natural gas, Y-Grade NGLs and natural gasoline. The separated NGL products will be sold via truck at the facility or transported via pipeline to an offsite railcar loading facility while the natural gas will be transported via pipeline to an interstate natural gas pipeline system.

- a. Product Type: Natural Gas and separated NGLs
- b. Plant Property Area: 160.3 acres (SW/4 of Section 21)
- c. Plant Inlet Gas Rate: 200 MMscfd (100 MMscfd each plant)
- d. Maximum Design Operating Pressure: 1650 psig
- e. Residue Gas Production: 156 MMscfd (78 MMscfd each plant)
- f. Compressor specifications, including type, horsepower, output pressure and capacity:
  - i. Four 3,000 HP high pressure residue compressors at each plant
  - ii. Two 150 HP regeneration gas compressors at each plant
  - iii. Three 3,000 HP refrigeration compressors at each plant
  - iv. Two 600 HP stabilizer overhead gas compressors at each plant
  - v. One spare 3,000 HP high pressure residue compressor at Stateline 2 only
- g. Total compression horsepower: 48,000 HP for both plants
- h. NGL Production: 5,948,000 lbs/d (2,974,000 lbs/d each plant)
- i. Anticipated Plant in-service date: Stateline 1: Third Quarter 2012, Stateline 2: First Half 2013

## SECTION C: Proposed Energy Conversion Facilities on Which Construction is Intended Within the Ensuing Five Years

If producer drilling activity in the Bakken/Three Forks continues at current levels, it is possible that BPE may need to build additional natural gas processing capacity in Western North Dakota sometime within the five year period.

## SECTION D: Proposed Energy Conversion Facilities During the Next Ten-Year Time Period

If producer drilling activity in the Bakken/Three Forks continues at current levels, it is possible that BPE may need to build additional natural gas processing capacity in Western North Dakota sometime within the ten year period.

## SECTION E: Existing Transmission Facilities (Electric)

BPE has no existing electrical transmission facilities.

## SECTION F: Existing Transmission Facilities (Pipeline)

### Part I

1. Location. BPE owns and operates a natural gas transmission pipeline originating at the Grasslands Gas Plant (formerly named McKenzie Gas Plant) in Township 148 North, Range 105 West, Section 36 in McKenzie County and proceeding north-northeast to a point of intersection with the gas pipeline facilities of Northern Border Pipeline Company in Township 151 North, Range 103 West, Section 4 in McKenzie County. It is permitted under PSC Corridor Certificate 53 and Route Permit 60. A system map showing the location of the pipeline is attached hereto as **EXHIBIT "D"**.
2. Type and Capacity. The design specifications for this facility are as follows:
  - a. Product Type: Natural gas and natural gas constituents
  - b. Length of Facility in Miles: Approximately 30 miles
  - c. Pipe Size: 10.75 inches
  - d. Maximum Design Operating Pressure: 1450 psig
  - e. Maximum Design Flow Rate: 55 MMscfd
  - f. Compressor or pumping station specifications, including type, horsepower, output pressure and capacity: None – compression to move product through the line is the plant recompression located at the Grasslands Plant site.
  - g. Minimum Cover Over Pipe: 48 inches
3. In-Service Date for Pipeline: January 31, 1993
4. Retirement. There is no projected retirement date during the next ten-year period for this pipeline.

### Part II

1. Location. Bear Paw Energy owns and operates a natural gas liquids pipeline for the transportation of propane and butane originating at the Grasslands Gas Plant (formerly named McKenzie Gas Plant) in Township 148 North, Range 105 West, Section 36 in McKenzie County, and proceeding due west and then along the southern boundary line of the SE/4 of Section 35, continuing on the south boundary

line of the SW/4 of Section 35 moving northwesterly through the SW/4 of Section 35, angling through Section 34, Township 148 North, Range 105 West, McKenzie County. At this point the line crosses the state line into Montana where it terminates near Sidney, Montana. It is permitted under PSC Corridor Certificate 63 and Route Permit 73. A system map showing the location of the pipeline is attached hereto as **EXHIBIT "E"**.

2. Type and Capacity. The design specifications for this facility are as follows:
  - a. Product Type: Propane and butane
  - b. Length of Facility in Miles: Approximately 2 miles in North Dakota (total line length is approximately 11 miles including the Montana portion)
  - c. Pipe Size: 4.50 inches
  - d. Maximum Design Operating Pressure: 1200 psig
  - e. Maximum Design Flow Rate: Propane – 272 GPM under intake pressure of 595 psi and end of line pressure of 250 psi; Butane – 265 GPM under intake pressure of 535 psi and end of line discharge pressure of 125 psi
  - f. Compressor or pumping station specifications, including type, horsepower, output pressure and capacity: None – Injection pressure at the Grasslands Plant site is adequate to move the product through the pipeline.
  - g. Minimum Cover Over Pipe: 48 inches
3. In-Service Date for Pipeline. October 1, 1986
4. Retirement. There is no projected retirement date during the next ten-year period for this pipeline.

#### SECTION G: Proposed Transmission Facilities on Which Construction is Intended Within the Ensuing Five Years (Electric)

BPE has no proposed electric transmission facilities on which construction is intended within the ensuing five years.

#### SECTION H: Proposed Transmission Facilities on Which Construction is Intended Within the Ensuing Five Years (Pipeline)

##### Part I

1. Location: BPE filed a Notice of Intent (NOI) on February 15, 2011 and intends to submit its application for a natural gas liquids (NGL) line going from the Garden Creek facility, currently under construction, in Township 151 North, Range 98 West, Section 35 in McKenzie County, and proceeding due west and south to Township 150 N, Range 99 West, Section 17 to bypass Watford City, then south and west to angle move into existing pipeline corridors in Township 148 North, Range 103 West, travel south and west to pass near the Grasslands Gas Plant and through Section

34, Township 148 North, Range 105 West, McKenzie County. At this point the line will cross the state line into Montana where it will terminate near Sidney, Montana. A system map showing the proposed location of the pipeline is attached hereto as **EXHIBIT "F"**.

2. Type and Capacity. The design specifications for this facility are as follows:
  - a. Product Type: Y-Grade NGLs (Propane, butane and iso-butane mix, and pentanes and heavier NGLs)
  - b. Length of Facility in Miles: 54.2 miles (total line length is approximately 63.2 miles including the Montana portion)
  - c. Pipe Size: 10.75 inches
  - d. Maximum Design Operating Pressure: 1440 psig
  - e. Maximum Design Flow Rate: 700 gpm
  - f. Pumping station specifications, including type, horsepower, output pressure and capacity: None – Injection pressure at the Garden Creek Gas Plant site is adequate to move the product through the pipeline.
  - g. Minimum Cover Over Pipe: 48 inches
  - h. Projected In-Service Date for Pipeline: December, 2011

## Part II

Planned Facilities: BPE intends on filing a Notice of Intent (NOI) and submitting an application for a natural gas liquids (NGL) line going from the planned Stateline 1 and 2 facility in the Williston area to BPE's Riverview liquids loading facility in Sidney, MT. The final transportation corridor has not been determined at this time and the project is in front-end engineering design (FEED) study.

Possible Facilities: If producer drilling activity in the Bakken/Three Forks continues at current levels, it is possible that BPE may need to build additional natural gas liquids transportation capacity in Western North Dakota sometime within the five year period.

### SECTION I: Proposed Transmission Facilities during the Next Ten-Year Time Period (Electric and Pipeline)

If producer drilling activity in the Bakken/Three Forks continues at current levels, it is possible that BPE may need to build additional natural gas liquids transportation capacity in Western North Dakota sometime within the ten year period.

### SECTION J: Regional Coordination

BPE has a significant regional presence in the Williston Basin. In conjunction with the above-mentioned Grasslands Gas Plant, BPE operates approximately 4,600 miles of natural gas gathering lines along with associated compression. There are approximately 95 BPE employees in the Williston Basin at field offices in Grasslands, Belfield and Williston. Due to growth in the Williston Basin, BPE currently plans to add an additional 70 employees at the forecasted growth facilities. These facilities, which are the subject of this plan, would be under the control of these well-qualified people.

BPE has very limited regional coordination with other processors of associated natural gas and NGLs due to confidentiality concerns and potential antitrust issues. BPE does, of course, coordinate with producers in the areas its gathering systems serve by discussing potential connections with planned and existing wells and local gathering systems. BPE is a member of a number of trade associations including the Pipeline Association for Public Awareness, North Dakota Petroleum Council, American Gas Association and the Gas Processors Association.

#### SECTION K: Environmental Information

BPE has developed ongoing working relationships with the U.S. Forest Service, the Bureau of Land Management, the North Dakota Public Service Commission, the North Dakota Department of Health and the North Dakota Water Commission, in an effort to ensure regulatory compliance. BPE continues to develop detailed risk collaborations with the Local Emergency Planning Commissions. BPE has established a strong safety record and is well prepared to meet any emergency and mitigate the impact of a pipeline failure.

BPE is also committed to environmental compliance during project execution. BPE has implemented construction Storm Water Pollution Prevention Plans (SWPPP) for its gathering pipelines, the Garden Creek Gas Plant and the Stateline 1 and 2 Gas Plants. The Garden Creek Gas Plant has received its air permit as a synthetic minor source from the North Dakota Department of Health. The Stateline 1 and 2 Gas Plants will be permitted together as a single source. That air permit is being written at this time. BPE has also adopted an anticipatory findings plan for archeological items that may be discovered during the installation of pipeline or gas plant sites. This has been submitted to the State Historical Preservation Office for approval.

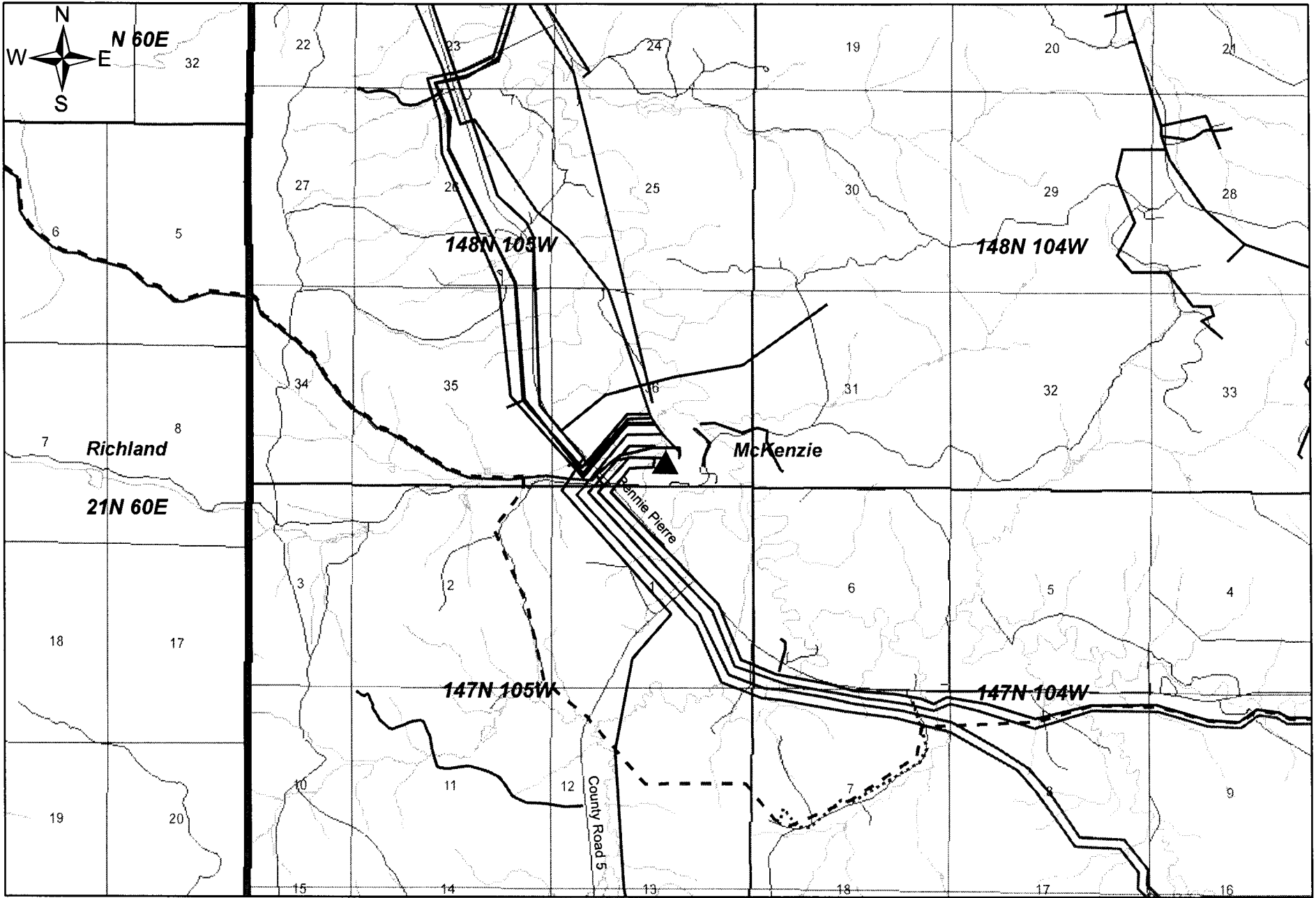
#### SECTION L: Projected Demand for Service

Drilling activity in three counties where BPE has significant gathering facilities (Dunn, McKenzie, and Williams Counties) has dramatically increased, with the rig count in these counties increasing from 35 rigs in on December 31, 2009 to 103 rigs as of June 20, 2011. Based on current rig activity, BPE estimates that gas production associated with the Bakken and Three Forks oil production will increase significantly beyond existing processing capacity. Without additional gathering and processing facilities, the amount of flared gas or curtailed production will increase significantly. BPE is currently working on two expansion projects (the Garden Creek Plant, in McKenzie County, North Dakota, and the Stateline 1 & 2 Plants, in Williams County, North Dakota) that will increase BPE's processing capacity in the area by up to 300 MMcfd.

In conjunction with these processing plants, BPE also intends to construct two natural gas liquids pipelines for the transportation of natural gas liquids (ethane, propane, butanes and pentanes and heavier NGL's) produced at the new processing facilities to the Riverview rail facility near Sidney, Montana. Associated gas from the Bakken and

Three Forks formations is exceptionally high in NGLs. Without permitting of the pipelines, each plant will require 55 truckloads each day to move product from the each plant to the Riverview Terminal. Stateline 1 and 2 are 56 miles away and Garden Creek is 58 miles away. This averages over 2 trucks per hour per plant for a 24 hour period.

Additional processing plants and/or natural gas liquids pipelines may be necessary if the oil and gas drilling in these counties continues at current levels or increases beyond the current rig activity.

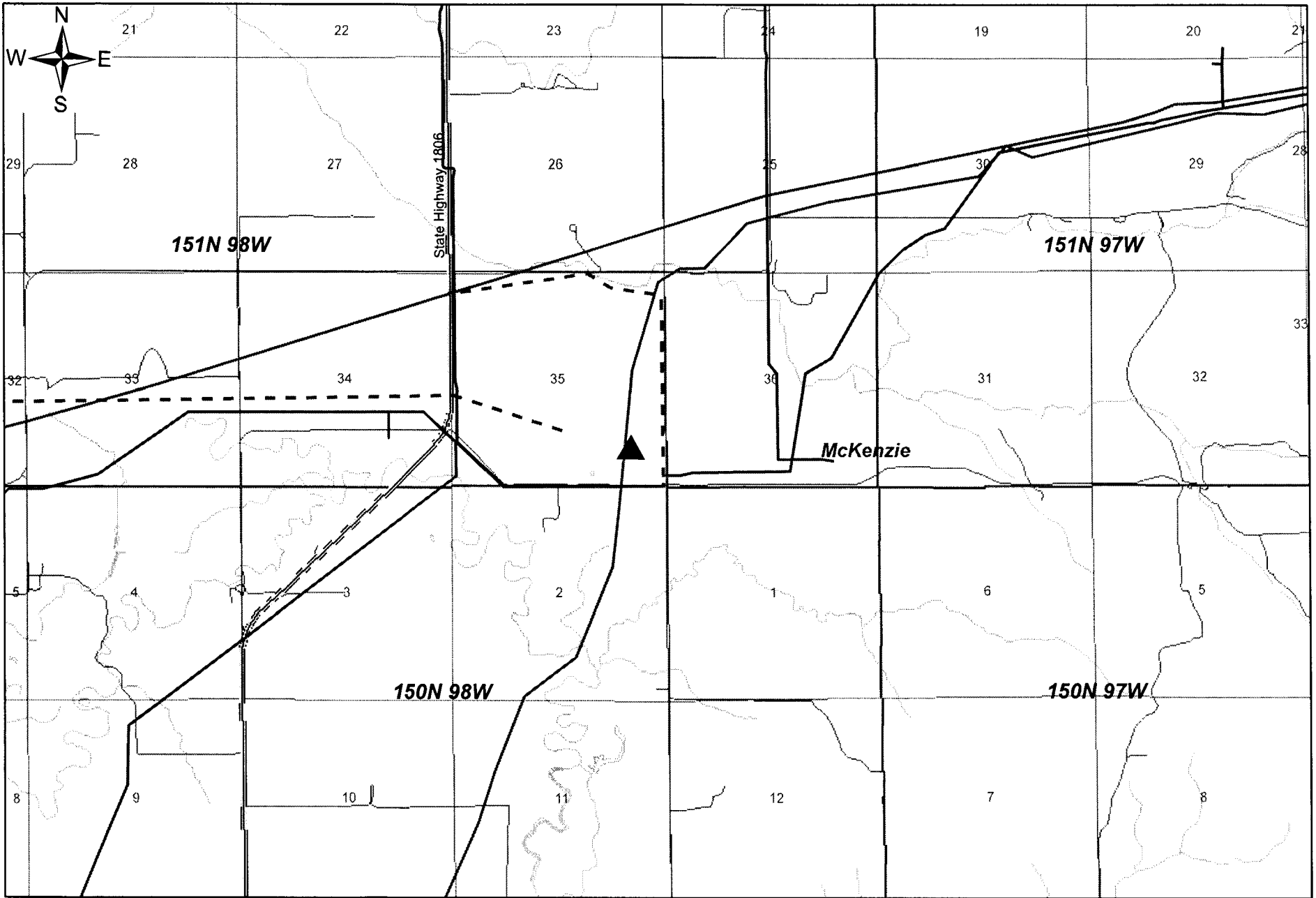


# Grasslands Gas Plant

## Exhibit "A"



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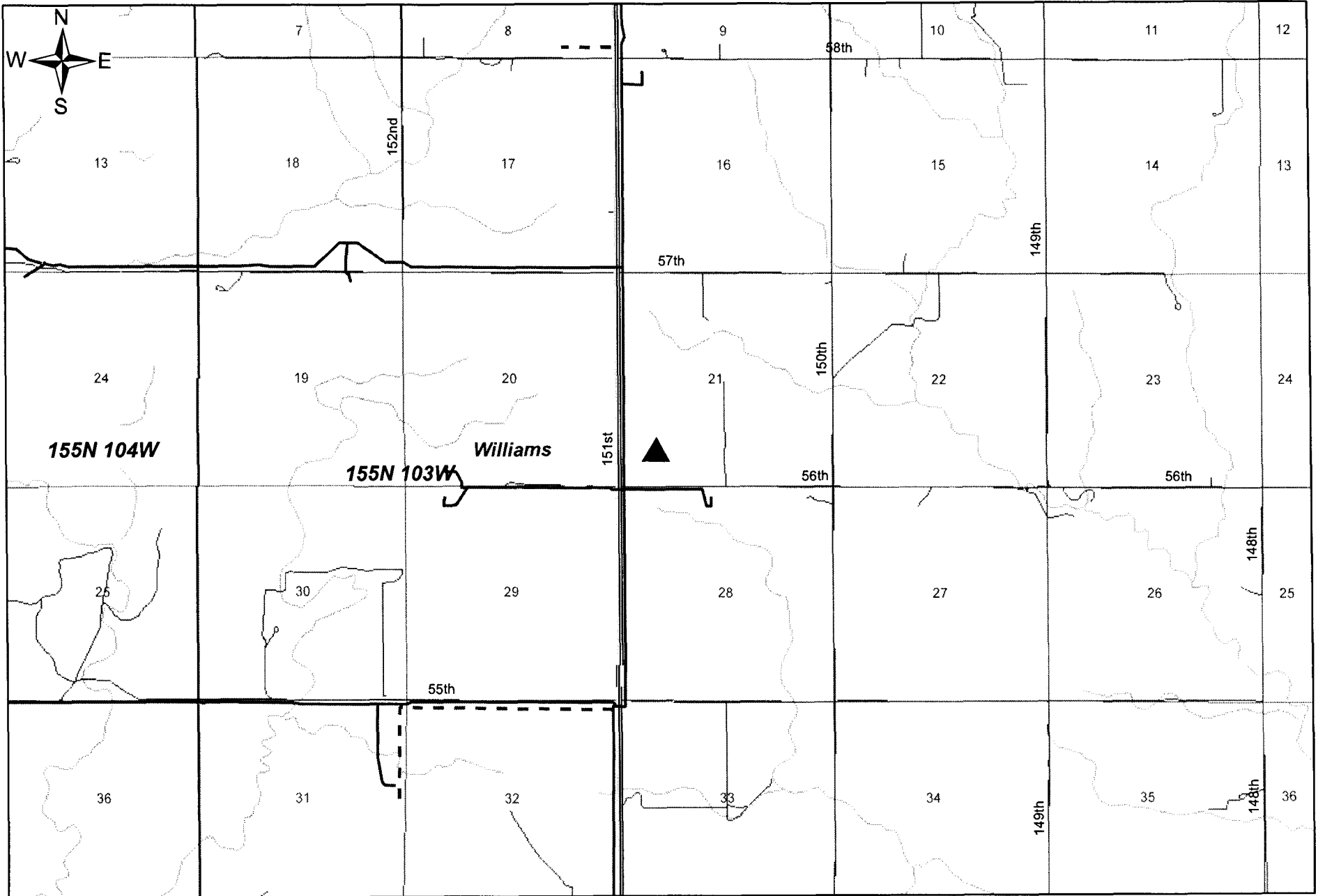


Garden Creek Gas Plant

Exhibit "B"



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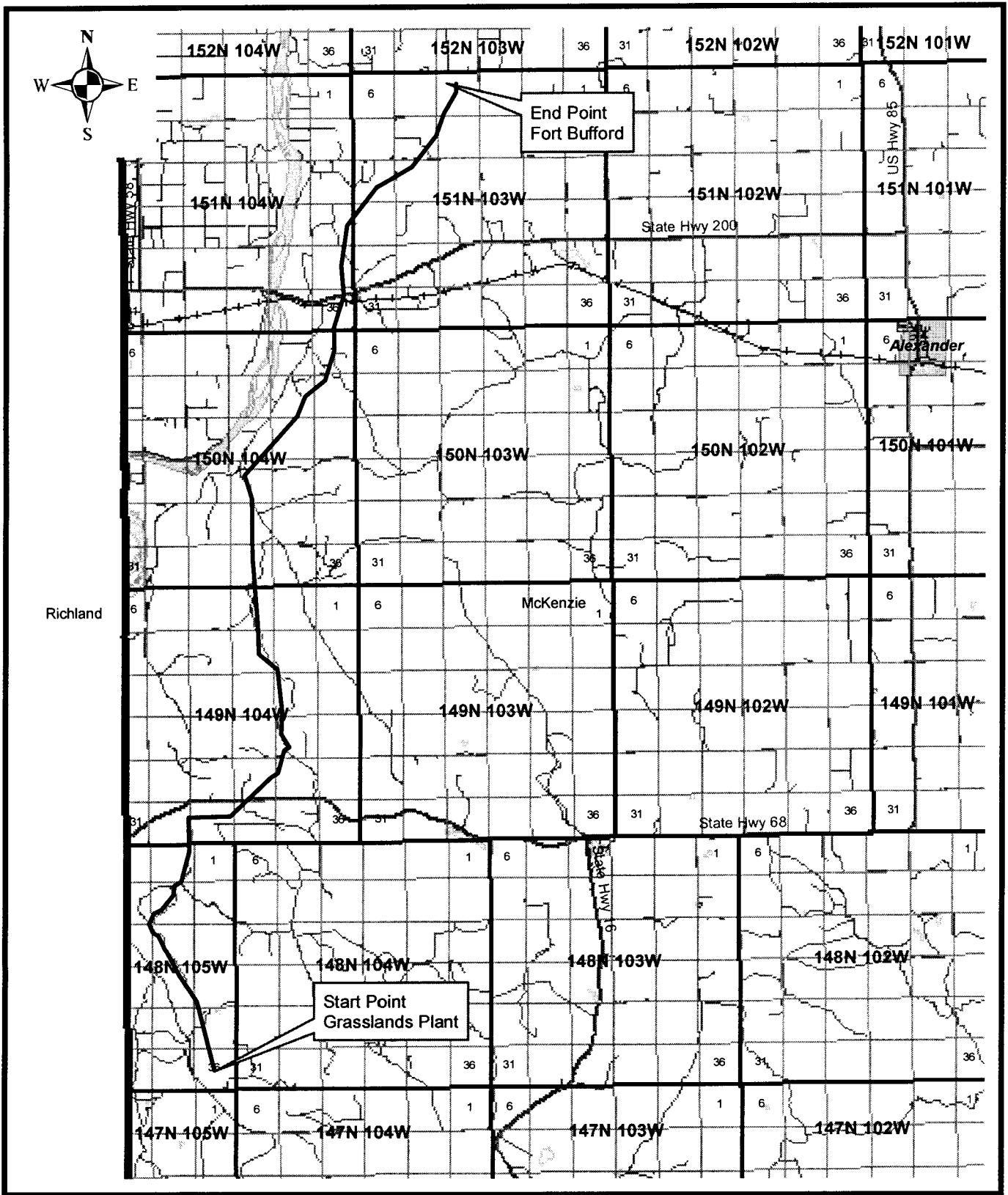


Stateline 1 & 2 Gas Plant

Exhibit "C"



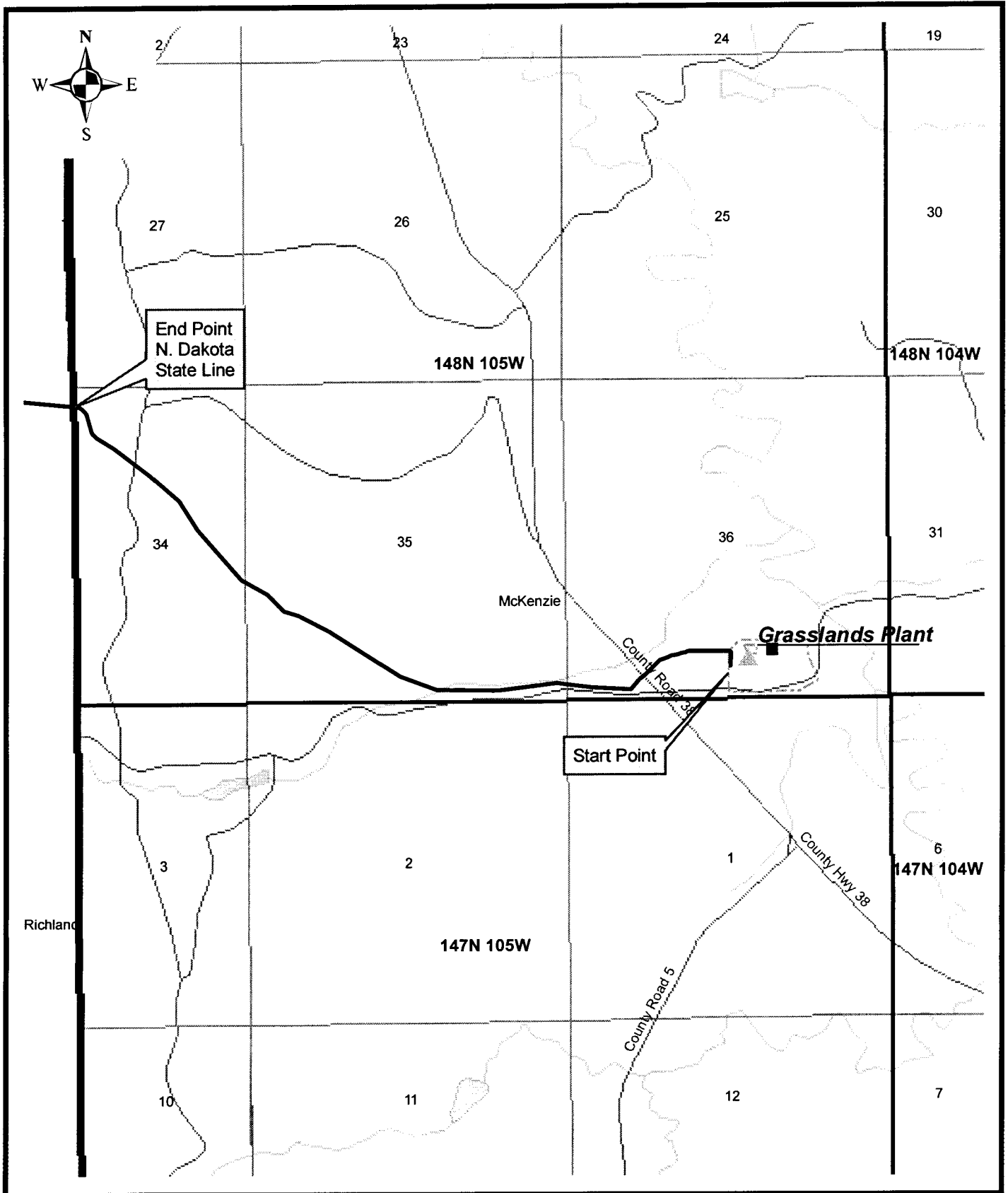
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Fort Bufford Pipeline

**Exhibit "D"**

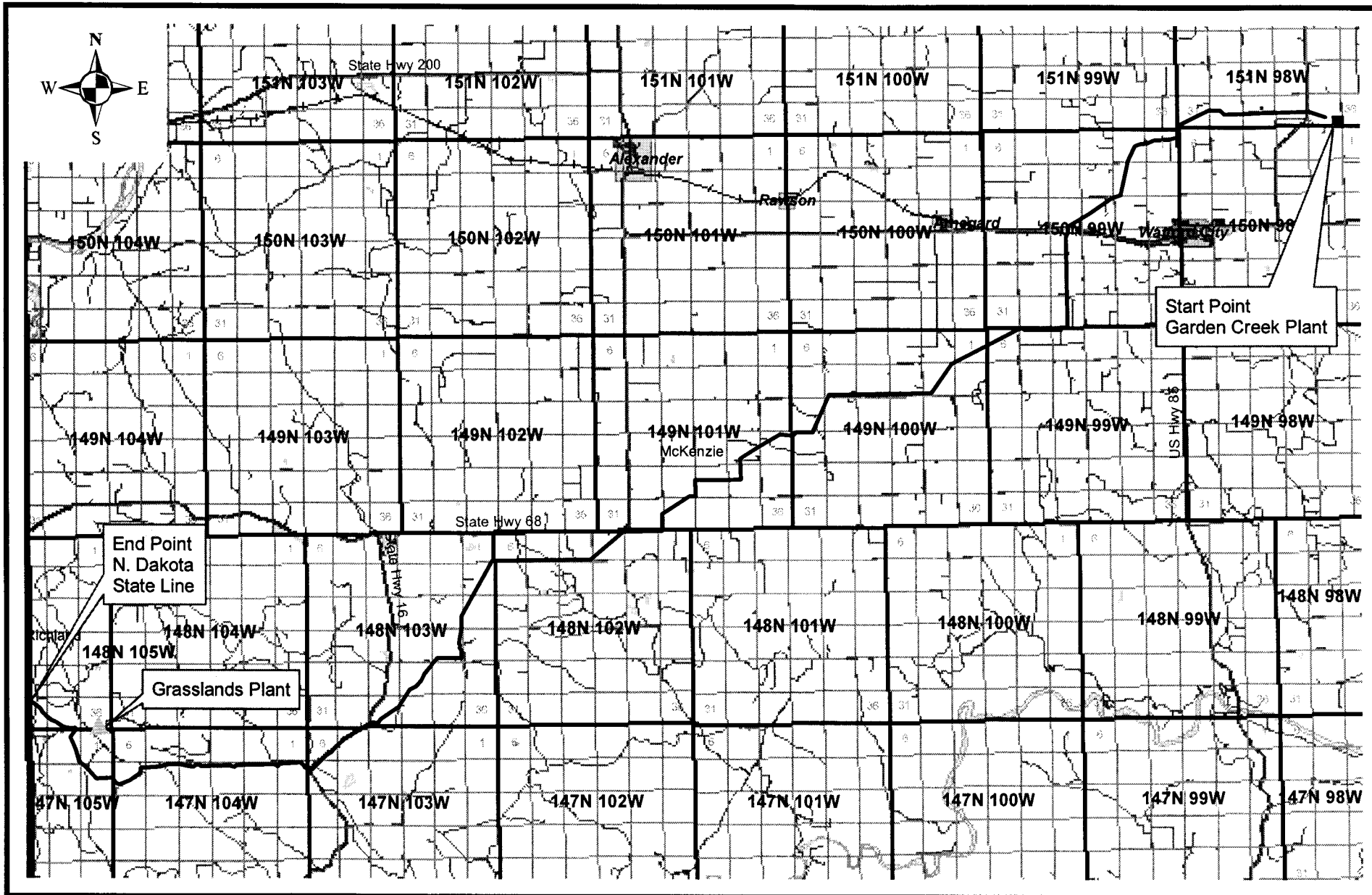




River Pipeline

**Exhibit "E"**





**Garden Creek Pipeline**

**Exhibit "F"**

