

January 17, 2012

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PUBLIC SERVICE COMMISSION

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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 Combined Application for a Certificate of Corridor Compatibility and a Route Permit for Plains Pipeline, L.P.'s Crude Oil Pipeline Project, and Request for Waiver of One-Year Notice Period

Dear Mr. Nitschke:

Plains Pipeline, L.P. ("Plains Pipeline"), a Texas limited partnership authorized to do business in the State of North Dakota, is filing this Letter of Intent ("LOI") to submit a combined application for a Certificate of Corridor Compatibility and a Route Permit for a crude oil pipeline 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 transport crude oil from Plains Pipeline's existing Robinson Lake pipeline east of Stanley, North Dakota to the proposed Ross Terminal, which will be located northwest of Ross, North Dakota.

With respect to the right-of-way for the proposed approximately 16.9 mile long pipeline, Plains Pipeline plans to acquire easements from those landowners within the pipeline route ultimately approved by the North Dakota Public Service Commission ("Commission").

Waiver Request

Plains Pipeline 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 a combined application for a Certificate of Corridor Compatibility and a Route Permit. Pursuant to Section 69-06-03-01, the Commission may approve a shorter notice period, and Plains Pipeline requests that the one-year notice period be shortened from one year to two (2) weeks. In other words, Plains Pipeline seeks permission to file its combined application for a Certificate of Corridor Compatibility and Route Permit two (2) weeks after filing this LOI, or immediately following issuance of an order by the Commission granting the waiver request, whichever occurs later. Plains Pipeline requests a waiver of the one-year notice period in order to allow adequate time to permit and complete construction of the pipeline by Fourth Quarter 2012.

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1

PU-12-40

Letter on Intent

Filed: 1/17/2012

Pages: 4

As required by Section 69-06-03-02 of the North Dakota Administrative Code, Plains Pipeline provides the following information regarding the proposed pipeline project:

Size and Type of Facility

The proposed crude oil pipeline project will consist of approximately 16.9 miles of 10.75-inch outside diameter pipe, an automated mainline block valve site located near the mid-point of the pipeline project, launching and receiving pig traps with valve operators, and one or more mainline check valves. As noted above, the project will extend from Plains Pipeline's existing Robinson Lake pipeline east of Stanley, North Dakota to the proposed Ross Terminal, which will be located northwest of Ross, North Dakota.

Area to be Served

This project is designed to deliver 47,000 barrels per day (1,958 barrels per hour) of Bakken crude oil from Plains Pipeline's Robinson Lake Station to the proposed Ross Terminal, where the crude oil will be loaded onto unit trains via the Ross Terminal railcar facility. The area served by the proposed pipeline project will be northwestern North Dakota.

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

Plains Pipeline anticipates that the pipeline project will be operational by Fourth Quarter 2012. Plains Pipeline proposes to develop the pipeline on the following schedule:

- **First Quarter 2012** – File a combined application with the Commission for a Certificate of Corridor Compatibility and Route Permit. In addition, Plains Pipeline will, as needed, file applications for conditional use permits with local permitting authorities (counties and townships).
- **First Quarter 2012** – The Commission and the local permitting authorities grant appropriate certificates and permits for the pipeline.
- **Second Quarter 2012** – Begin construction of the pipeline.
- **Fourth Quarter 2012** – Complete construction of the pipeline.

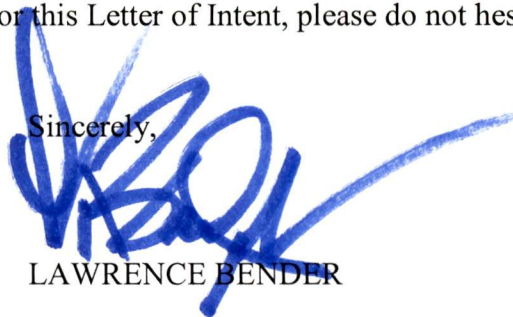
Estimated Total Cost of Construction

The total cost of the pipeline project is estimated to be approximately \$13.6 million.

Mr. Darrell Nitschke
January 17, 2012
Page 3

Ten (10) copies of this letter, as well as a CD containing this letter in electronic format, are enclosed. 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,

A handwritten signature in blue ink, appearing to read 'LBENDER', is written over the word 'Sincerely,'. The signature is stylized and somewhat illegible.

LAWRENCE BENDER

LB/mms
Enclosure

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

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