

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 16.9-MILE-LONG
10.75-INCH CRUDE OIL PIPELINE AND
ASSOCIATED FACILITIES IN
MOUNTRAIL COUNTY, NORTH DAKOTA

CASE NO. PU-12-040

**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 10.75-inch crude oil pipeline project, approximately 16.9 miles in length, all of which will be located in Mountrail 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 and filing separate 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. Surface facilities installed will include one mainline check valve, one

mainline block valve, “pig” launchers and receivers, a supervisory control and data acquisition (SCADA) system, pipeline markers and aerial markers, and fenced-in enclosures to house equipment at the valve sites.

2. **Product**: The Project will transport crude oil.
3. **Size and Design**: The Project will require installation of a 10.75-inch outside diameter steel pipeline with a nominal wall thickness of 0.250 inches denoted as American Petroleum Institute (API) 5L PSL 2 Grade X52 line pipe. The nominal wall thickness will increase to 0.334 inches for specific locations, such as road and railroad crossings. The maximum operating pressure (MOP) will be 1,480 pounds of pressure per square inch gauge (psig). The valves to be installed will be 10-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 valves will be 1,480 psig. The Project may transport up to 47,000 barrels per day (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, operated, and maintained in accordance with 49 CFR Part 195.

4. **Location**: The total length of the Project is approximately 16.9 miles, all of which is located in Mountrail County, North Dakota. The pipeline would originate at Plains’ Robinson Lake 8” Pipeline System (Robinson System) and extend westward to connect with the Ross Rail Terminal (Ross Terminal). From the Ross Terminal, the oil will be distributed throughout the United States. Maps of the proposed Project are provided in Appendix B to the Consolidated Application provided herewith.

5. **Geographical Service Area:** As noted above, the Project would take crude oil from Plains' Robinson System located near Stanley, North Dakota, to the Ross Terminal north of Manitou, North Dakota. The immediate area served by the Project will be northwestern North Dakota; however, the crude oil will ultimately be distributed throughout the United States.

6. **Time Schedule:** Plains has a target in-service date for the Project of on or before December 1, 2012. Plains proposes to develop the Project on the following schedule:

- February 2012 — Plains files with the Commission a consolidated application for a Corridor Certificate and Route Permit.
- First Quarter 2012 — The Commission issues a Corridor Certificate and Route Permit for the Project.
- Second Quarter 2012 — Plains will begin construction of the Project.
- Fourth Quarter 2012 — Plains will have completed construction of the Project.

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 in 2008 and 2010 indicate that 4.0 to 6.3 billion

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).

barrels of recoverable reserves are available in North Dakota's Bakken and Three Forks formations. Information from the NDDMR indicates that oil production has increased dramatically over the past four years from nearly 110,000 bpd in 2007 to nearly 386,000 bpd in June, 2011,³ and production is expected to continue to increase dramatically.⁴

The major constraint in transporting oil from North Dakota to refining centers is the lack of pipeline capacity. 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 transportation methods, primarily rail.

With the constraints to the existing transportation infrastructure in the Project area, construction of the Project will provide Plains with a safe and efficient mechanism to transfer crude oil to the Ross Terminal, from which the oil can be transported to markets throughout the United States. Additionally, accessing the Ross Terminal from the Robinson System without the Project would involve significant movement of crude oil by tanker truck over public roadways, a public safety issue that the proposed Project will prevent. Thus, the Project will provide needed capacity to transport crude oil production safely and economically from the Bakken and Three Forks formations to facilities with access to major markets.

² United State 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>.

³ North Dakota Department of Mineral Resources. North Dakota Monthly Oil Production Statistics. Web access in January 2012 at: <https://www.dmr.nd.gov/oilgas/stats/historicaloilprodstats.pdf>.

⁴ North Dakota Department of Mineral Resources. Activities and Projections. Web access in January 2012 at: <https://www.dmr.nd.gov/oilgas/presentations/ActivityandProjectionsWilliston2010-08-03.pdf>.

For additional analysis of the need for the proposed Project, including a discussion of 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 \$13.6 million to develop the Project.

D. Waiver Request.

Plains requests that the Commission grant the waivers requested herein because said waivers are needed to prevent potentially significant delays to the Project. As noted above, the Project is needed to provide a safe and economical means of transporting crude oil from Plains' Robinson System to the Ross Terminal, near Manitou, North Dakota, which will then distribute crude oil throughout the United States. Utilizing the proposed Project to transport crude oil from the Robinson System 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 Robinson System to 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 16.9 miles), its design (an underground, small-diameter pipeline with few above-ground appurtenances), its location (crossing pasture and farmland in rural Mountrail 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 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.

Accordingly, Plains respectfully requests that the Commission grant the requested waivers and render an expeditious decision.

