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May 9, 2012

**HAND DELIVERED**

**PUBLIC SERVICE COMMISSION**

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

**RE: Letter of Intent to Submit a Combined Application for a Certificate of Corridor Compatibility and a Route Permit for Hiland Operating, LLC's Natural Gas Pipeline Project, and Request for a Waiver of One-Year Notice Period**

Dear Mr. Nitschke:

Hiland Operating, LLC ("Hiland"), a Delaware limited liability company 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 natural gas pipeline pursuant to Chapter 49-22 of the North Dakota Century Code and Article 69-06 of the North Dakota Administrative Code. The pipeline transports natural gas from the Norse Gas Plant in Divide County, North Dakota to the WBI Transmission Line tie-in in Burke County, North Dakota. The natural gas is delivered through a 6.5-mile long, 6-inch steel pipeline.

Hiland was unaware that siting was required for this gas pipeline because it is not a "transmission line" as those terms are commonly understood in the industry, and Hiland assumed it was a gathering line pursuant to Section 49-22-03(12)(b) of the North Dakota Century Code. However, Hiland understands that the North Dakota Public Service Commission ("Commission") or its staff has concluded that the pipeline constitutes a "transmission line." Therefore, Hiland submits this LOI to inform the Commission of Hiland's intent to submit a Combined Application for a Certificate of Corridor Compatibility and a Route Permit for Hiland's natural gas pipeline.

**Waiver Request**

Hiland 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 Hiland requests that the one-year notice period be shortened from one year to allow Hiland to file its combined

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**PU-12-190**  
**Letter of Intent**

Filed: 5/9/2012

Pages: 3

application for a Certificate of Corridor Compatibility and a Route Permit as soon as the necessary studies and reviews are completed, or immediately following issuance of an order by the Commission granting the waiver request, whichever occurs later. Hiland requests a waiver of the one-year notice period as the pipeline in question has already been constructed and is currently in operation.

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

**Size and Type of Facility**

The natural gas pipeline consists of approximately 6.5 miles of 6-inch outside diameter steel pipe from the Norse Gas Plant in Burke County, North Dakota to the WBI Transmission Line tie-in in Burke County, North Dakota. *See attached Exhibit "A".*

**Area to be Served**

The pipeline delivers approximately 10 to 20 million cubic feet ("MMCF") of natural gas per day from the Norse Gas Plant to the WBI Transmission Line tie-in. The pipeline has a maximum capacity of approximately 20 MMCF per day. The area served by the pipeline is northwestern North Dakota.

**Map of Study Area for the Corridor**

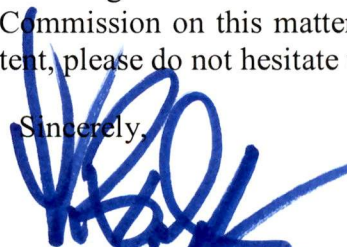
Exhibit "A" is a map that depicts the proposed study area for the corridor and the route of the pipeline.

**Approximate Total Cost**

The total cost of the pipeline was approximately \$1.5 million.

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 pipeline or this Letter of Intent, please do not hesitate to contact me.

Sincerely,

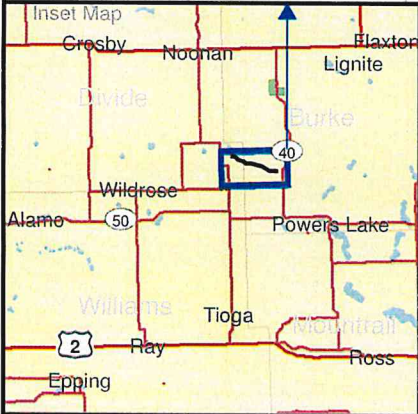
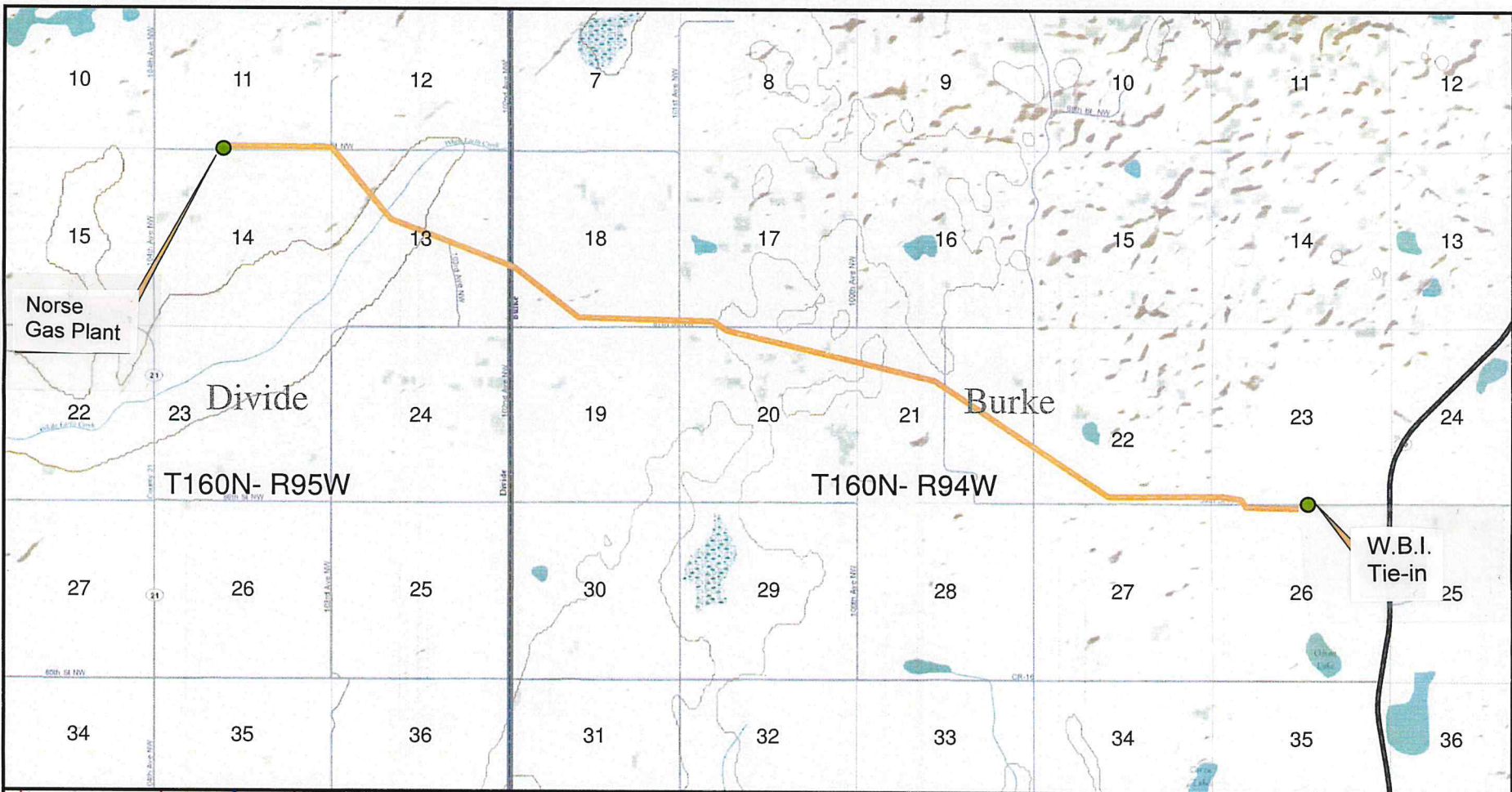


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
LB/jrr

Enclosure

cc: Michael S. Higgins (*via e-mail — w/enclosure*)  
Kathleen M. Spilman (*via e-mail — w/enclosure*)  
5098571\_2.DOC



**Legend**

-  Norse 6" Natural Gas Pipeline
-  Sections



Norse 6" Natural Gas Pipeline

