

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**ONEOK Rockies Midstream, L.L.C.
Garden Creek II Plant – McKenzie County, ND
Siting Application**

Case No. PU-12-656

ORDER

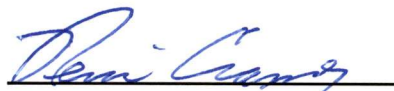
December 21, 2012

The evidence of record has been considered and appraised.

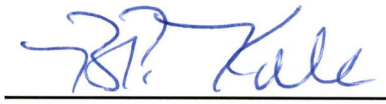
The Commission Orders:

1. The Hearing Officer's December 18, 2012 Recommended Findings of Fact, Conclusions of Law and Order, a copy of which is attached to this Order and made a part of this Order, is ADOPTED as the Public Service Commission's Findings of Fact, Conclusions of Law and Order.
2. Certificate of Site Compatibility No. 31 is issued to ONEOK Rockies Midstream, L.L.C. designating a site for its 100 million standard cubic feet per day gas processing plant known as the Garden Creek II Plant.
3. The December 5, 2012 Certification Relating to Order Provisions – Transmission Facility Siting (Certification), with accompanying Tree and Shrub Mitigation Specifications, is incorporated by reference and attached to this Order.
4. To the extent there are any conflicts or inconsistencies between ONEOK Rockies Midstream, L.L.C.'s Application and the December 5, 2012 Certification, the Certification provisions control.

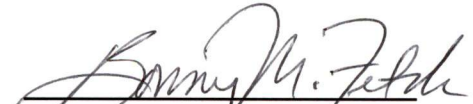
PUBLIC SERVICE COMMISSION



**Kevin Cramer
Commissioner**



**Brian P. Kalk
Chairman**



**Bonny M. Fetch
Commissioner**

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

ONEOK Rockies Midstream, L.L.C.
Garden Creek II Plant –
McKenzie County, ND
Siting Application

Case No. PU-12-656

RECOMMENDED FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

December 18, 2012

Appearances

John W. Morrison, Attorney at Law, Crowley Fleck, PLLP, 400 East Broadway, Suite 600, Bismarck, North Dakota 58501, on behalf of the Applicant, ONEOK Rockies Midstream, L.L.C.

Mitchell D. Armstrong, Special Assistant Attorney General, 122 East Broadway Avenue, Bismarck, ND 58501, on behalf of the Public Service Commission.

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

Patrick J. Ward, Administrative Law Judge, Office of Administrative Hearings, P.O. Box 1695, Bismarck, North Dakota 58502-1695, as Substantive Hearing Officer.

Preliminary Statement

On July 31, 2012, ONEOK Rockies Midstream, L.L.C. (“ONEOK”) filed a Letter of Intent to construct a natural gas processing plant to be known as the Garden Creek II Plant

("Plant II") and an Application for Waiver of Procedures and Time Frames with the Public Service Commission ("Commission.

On August 29, 2012, the Commission acknowledged ONEOK's Letter of Intent, shortened the waiting period for filing the siting application to thirty days, and assessed a filing fee of \$80,000.00.

On September 17, 2012, ONEOK filed an application for a certificate of site compatibility authorizing the construction of Plant II.

On October 10, 2012, the Commission found the application was complete.

On October 12, 2012 the Commission requested the Director of the Office of Administrative Hearings to appoint an Administrative Law Judge to preside as a substantive hearing officer in this case. On October 15, 2012, Patrick J. Ward was designated as administrative law judge to conduct the hearing, make recommended findings of fact and conclusions of law, and issue a recommended order.

On October 26, 2012, the Commission issued a Notice of Filing and Notice of Hearing for a public hearing for December 11, 2012, at 1:30 p.m. CDT at the Watford City Civic Center, 213 2nd Street NE, Watford City, North Dakota, 58854. The issues to be considered in this matter include:

1. Will the location, construction, and operation of the proposed facility produce minimal adverse effects on the environment and upon the welfare of the citizens of North Dakota?
2. Is the proposed facility compatible with the environmental preservation and the efficient use of resources?

3. Will the proposed facility location 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 December 5, 2012, ONEOK filed a revised Overall Plot Plan for Plant II.

Having allowed all interested persons an opportunity to be heard and having heard, reviewed and considered all testimony and evidence presented, the Substantive Administrative Law Judge makes the following:

Recommended Findings of Fact

1. ONEOK is a Delaware limited liability company with its principal place of business located at 100 W. 5th Street, Tulsa, Oklahoma.
2. ONEOK proposes to construct Plant II at a location approximately 4.3 miles northeast of Watford City, North Dakota, adjacent to the current location of the Garden Creek I Plant (“Plant I”).

Project Design

3. Plant II will have a design capacity of 100 million cubic feet per day utilizing a cryogenic turboexpander process, and will be constructed on an 80-acre plot directly north of Plant I. Plant II will operate independently of Plant I, but there will be interconnecting piping between the two plants for plant balancing or to provide backup processing capability. Plant II will process associated natural gas from oil production wells connected to ONEOK’s gathering system. Natural gas liquids (NGLs) will be delivered to facilities owned and operated by ONEOK and residue gas will be delivered via pipeline to a pipeline owned and operated by Williston Basin Interstate Pipeline Company.

4. Plant II will include underground piping, above ground piping and above ground gas processing facilities product from the Terminal.

Need for the facility

5. Hydrocarbon production in Western North Dakota has continued to dramatically increase as a result of technological advances in drilling and completing horizontal wells in the Bakken and Three Forks formation. The rig count in North Dakota increased to 215 in June, 2012 and the rapid increase in gas production has exceeded the limited processing capacity available at existing facilities. Without the construction of additional gas processing facilities, casing head gas would continue to be flared, resulting in a loss of revenue to producers, royalty owners, and the State of North Dakota.

Location and Study of Preferred Site

6. Location of Plant II adjacent to the existing Plant I will have economic benefits and will minimize environmental disturbance by facilitating the use of existing infrastructure, including access roads, utilities, gathering systems, and delivery pipelines. ONEOK considered expansion of existing facilities at its Grasslands Gas Plant near Sidney, Montana, but further expansion of that plant was determined to be uneconomical due to a lack of sufficient space, limited capacity of peripheral equipment at the Grasslands Plant, and a lack of capacity in ONEOK's high-pressure gathering system. ONEOK also considered further expansion of its Stateline 1 and 2 plants in Williams County, but the distance between the Plant 1 and the Stateline plants would make it uneconomic to connect some wells.

7. ONEOK also identified a no-action alternative, but determined that no action would result in increased flaring at wellheads and the loss of natural resources and was therefore not desirable.
8. ONEOK identified a study area consisting of a 1-mile wide buffer area (the “Study Area”) centered upon the 80-acre project site (the “Project Site”).
9. ONEOK initiated consultations with the United States Fish and Wildlife Service (“USFWS”), the United States Farm Service Agency, the North Dakota Game and Fish Department, the North Dakota Parks and Recreation Department, the North Dakota State Historic Preservation Office, the North Dakota State Lands Department, and the North Dakota Department of Health.

Siting Criteria

10. North Dakota Administrative Code Chapter 69-06-08 sets forth certain criteria to guide the Commission in evaluating the suitability of granting an application for a certificate of site compatibility. The criteria as set forth in North Dakota Administrative Code Section 69-06-08-01 are classified as Exclusion Areas, Avoidance Areas, Selection Criteria and Policy Criteria. With the exception of prime and unique farm land, an energy conversion facility must not be sited within an Exclusion Area. An energy conversion facility must not be sited within an Avoidance Area unless the applicant demonstrates 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. In

accordance with the Commission's Selection Criteria, an energy conversion facility shall be approved if it is demonstrated that no significant adverse impacts will result from the location, construction, and maintenance of the facility. In accordance with the Commission's Policy Criteria, preference may be given to an applicant demonstrating certain benefits of the conversion facility.

11. ONEOK evaluated the Study Area and the Project Site for the exclusion, avoidance, selection and policy criteria of the Commission.
12. No exclusion areas are included within either the Study Area or the Project Site.
13. There are woodlands associated with waterways and section lines within the Study Area, but none are located within the Project Site. No other avoidance areas were included within either the Study Area or the Project Site.

Cultural Resources

14. Through a consultant, ONEOK conducted a Class I Cultural Resources Literature Search and a Class III Cultural Resource Inventory of the Project Site. While 3 previously recorded cultural resources were located within one mile of the Project Site, none were within the Study Area, none were within the Project Site and no cultural resources were identified by the Class III study within the Project Site. ONEOK's consultants prepared a report recommending no further cultural resource work and the State Historic Preservation Officer concurred with the recommendation.

Wetlands and Wildlife

15. There are no wetlands within the Project Site.

16. A natural resource inventory indicated that the wildlife on the Project Site consist of species commonly associated with agricultural communities and no Federal or state species of concern were observed on the Project Site. The USFWS concurred with ONEOK's consultant that the project will not adversely impact any federally protected species or their critical habitats.
17. ONEOK proposes to clear the Project Site of vegetation prior to the growing season to avoid direct impacts to breeding migratory birds and the USFWS has concurred that such measures will adequately avoid and mitigate potential impacts to migratory birds.

Policy Criteria

18. The Commission's policy criteria provide that preference may be given to an applicant demonstrating certain benefits of the energy conversion facility. ONEOK has committed to maximize the benefits of Plant II so as to meet the policy criteria.

Measures to Minimize Impact

20. ONEOK has made other representations and covenants as indicated in the Certification Relating to Order Provisions – Facility Siting as executed by ONEOK and filed with the Commission.
21. The anticipated cost of Plant II is \$160,000,000.

From the foregoing Findings of Fact, the Administrative Law Judge now makes the following:

Recommended Conclusions of Law

1. The Commission has jurisdiction over the applicant, ONEOK, and over the subject matter of this application under North Dakota Century Code Chapter 49-22.

2. ONEOK is a utility as defined in North Dakota Century Code Section 49-22-03(13).
3. Plant II is an energy conversion facility as defined in North Dakota Century Code Section 49-22-03(5).
4. The location, construction, and operation of the proposed energy conversion facility will produce minimal adverse effects on the environment and upon the welfare of the citizens of North Dakota.
5. The proposed energy conversion facility is compatible with the environmental preservation and the efficient use of resources.
6. The proposed energy conversion facility 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 proposed project is of such design and location that it will produce minimal adverse effects, as defined under North Dakota Century Code Section 49-22-07.2.

From the foregoing Findings of Fact and Conclusions of Law, the Administrative Law Judge now makes his Recommendation and

Proposed Order

The Commission orders:

1. ONEOK is issued Certificate of Site Compatibility for Energy Conversion Facility No. ____ for the construction, operation and maintenance of the Garden Creek II Gas Plant. For purposes of the Certificate, the Site consists of the 80-acre Project Cite.
3. The Certification Relating to Order Provisions – Facility Siting filed December 11, 2012 is incorporated by reference and attached to this order.

Dated this 18th day of December, 2012.

A handwritten signature in cursive script that reads "Patrick J. Ward". The signature is written in black ink and is positioned above a horizontal line.

Patrick J. Ward
Substantive Administrative Law Judge

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PUBLIC SERVICE COMMISSION

STATE OF NORTH DAKOTA

Certificate of Site Compatibility for Energy Conversion Facility

Certificate Number 31

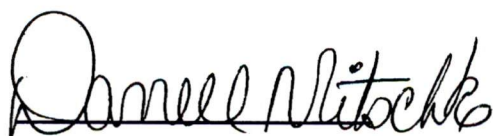
This is to certify that the Commission has designated an energy conversion facility site for ONEOK Rockies Midstream, L.L.C., for the construction of a 100 million cubic feet per day gas processing plant (the Garden Creek II Gas Plant) in McKenzie County, North Dakota.

The facility may be sited in this designated location in compliance with the energy conversion facility siting criteria. This certificate is issued in accordance with the Order of the Commission in Case No. PU-12-656 dated December 21, 2012 and is subject to the conditions and limitations noted in the Order.

Bismarck, North Dakota, December 21, 2012.

ATTEST:

PUBLIC SERVICE COMMISSION



Executive Secretary



Commissioner

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

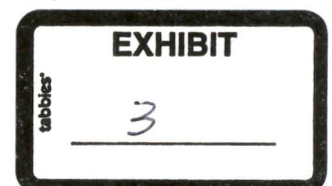
ONEOK Rockies Midstream, L.L.C.
Garden Creek II Plant - McKenzie County
Siting Application

Case No. PU-12-656

CERTIFICATION RELATING TO ORDER PROVISIONS - ENERGY CONVERSION
FACILITY SITING

I am Brian Boulter, a representative of ONEOK Rockies Midstream, L.L.C. ("Company") with authority to bind Company to requirements to be set forth by the Commission in its Order and I certify the following:

1. Company understands and agrees that the Certificate of Site Compatibility will be issued by the Commission subject to the conditions and criteria set forth in Chapter 49-22 of the North Dakota Century Code and Chapter 69-06-08 of the North Dakota Administrative Code, and that Company shall be responsible for compliance with this order and conditions and criteria set forth in the applicable laws and rules.
2. Company agrees to hold a preconstruction conference prior to commencement of any construction, which must include a Company representative, its construction supervisor, and a representative of Commission Staff, to ensure that Company fully understands the conditions set forth in the Commission's order.
3. Company agrees to comply with the rules and regulations of all other agencies having jurisdiction over any phase of the proposed energy conversion facility including all city, township, and county zoning regulations.
4. Company understands and agrees that it shall obtain all other necessary licenses and permits, and shall provide copies of all licenses and permits to the Commission prior to construction activity associated with the energy conversion facility that requires said license or permit.
5. Company agrees to inform the Commission and the Commission's third-party construction inspector of its intent to start construction on the energy conversion facility prior to the commencement of construction. Once construction has started, Company shall keep the Commission and the Commission's third-party construction inspector updated of construction activities on a weekly basis.
6. Company understands and agrees that the Certificate of Site Compatibility is subject to suspension or revocation and may, in an appropriate and proper case, be suspended or revoked for failure to comply with the Commission's order, the conditions and criteria of the certificate or subsequent modification, or failure to



- comply with the applicable statutes, rules, regulations, standards, and permits of other state or federal agencies.
7. Company agrees to maintain records that will demonstrate that it has complied with the requirements of the Commission's order and the Certificate of Site Compatibility, and that it will preserve these records for Commission inspection at any reasonable time upon reasonable notice.
 8. Company agrees to construct and operate the energy conversion facility in accordance with all applicable safety requirements.
 9. Company agrees to construct and operate the energy conversion facility in the manner described in Company's application, in any late filed exhibits, and supplemental materials, (Application). To the extent there are any conflicts or inconsistencies between Company's Application and the provisions in this Certification Relating to Order Provisions, the Certification provisions control.
 10. Company agrees to report promptly to the Commission the presence in the permit area of any critical habitat of threatened species, endangered species, bald eagles, or golden eagles that Company becomes aware of and which were not previously reported to the Commission.
 11. Company understands and agrees that all cultural resource mitigation plans must be submitted to the North Dakota State Historic Preservation Office and approved prior to the start of any fieldwork and construction activity in the affected area.
 12. Company understands and agrees that if any cultural resource, paleontological site, archeological site, historical site, or grave site is discovered during construction, it must be marked, preserved and protected from further disturbances until a professional examination can be made by the State Historical Society, a report of such examination is filed with the Commission, and clearance to proceed is given by the Commission.
 13. Company understands and agrees that all buried facility crossings of graded roads shall be bored unless the responsible governing agency specifically permits Company to open cut the road.
 14. Company understands and agrees that all pre-existing township and county roads and lanes used during construction must be repaired or restored to a condition that is equal to or better than the condition prior to the construction of the energy conversion facility and that will accommodate their previous use, and that areas used as temporary roads or working areas during construction must be restored to their original condition.

15. Company understands and agrees that construction must be suspended when weather conditions are such that construction activities will cause irreparable damage to roads or land, unless adequate protection measures approved by the Commission are taken.
16. During construction, at least 12 inches of topsoil, where available (or topsoil to the depth of cultivation, whichever is greater), over and along areas where facilities will be placed must be stripped and segregated from subsoil. Any area on which excavated subsoil will be placed must first be stripped of topsoil. After backfilling with subsoil is completed, any excess subsoil must be placed over the excavation area, blending the grade into existing topography. Topsoil must not be placed within the footprint of the facilities, and must be placed over areas containing topsoil.
17. Company understands and agrees that reclamation, fertilization, and reseeding is to be done according to the Natural Resources Conservation Service recommendations, unless otherwise specified by the landowner and approved by the Commission.
18. Company understands and agrees that its obligation for reclamation and maintenance of energy conversion facility tower locations, associated facilities, roadways and rights-of-way will continue throughout the life of the energy conversion facility.
19. Company agrees to comply with the Tree and Shrub Mitigation Specifications, attached.
20. Company understands and agrees that it shall repair or replace all fences and gates removed or damaged during all phases of construction and operation of the proposed energy conversion facility.
21. Company understands and agrees that it shall repair or replace all drainage tile broken or damaged as a result of construction and operation of the proposed energy conversion facility.
22. Company understands and agrees that it shall work with landowners and residents to mitigate any increase in television and residential radio interference that results from the construction of the energy conversion facility.
23. Company understands and agrees that staging areas or equipment shall not be located on land owned by a person other than Company unless otherwise negotiated with landowners.

24. Company understands and agrees that it shall remove all waste that is a product of construction and operation, restoration, and maintenance of the site, and properly dispose of it on a regular basis.
25. Company agrees that it shall, as soon as practicable upon the completion of the construction of the facility, restore the area affected by the activities to as near as is practicable to the condition as it existed prior to the beginning of construction.
26. Company understands and agrees that it shall provide any necessary safety measures for traffic control or to restrict public access to the energy conversion facility.
27. Company understands and agrees that it shall advise the Commission of any extraordinary events which take place at the site of the energy conversion facility, including injuries to any person, the death of any threatened or endangered species, within five business days of such event.
28. Company understands and agrees that it shall advise the Commission of the discovery of a large number of dead birds or bats on the site within five business days of such event.
29. Company understands and agrees that it shall implement a procedure for how complaints concerning the proposed energy conversion facility will be handled by Company
30. Upon request, Company agrees to provide the Commission with engineering design drawings showing surveyed structure prior to construction.
31. Company understands and agrees that it shall inform the Commission in writing of any plans to modify the energy conversion facility, or of any plans to modify the site plan for the energy conversation facility. Company understands and agrees to obtain written approval from the Commission prior to any modifications to the site plan or the energy conversion facility, associated facilities, and roadway locations. Approval may be granted after notice and opportunity for hearing.
32. Company agrees to provide the Commission with both an electronic and a paper copy of the design specifications for the construction of the energy conversation facility showing the location of the energy conversion facility as built, and will provide this information within 3 months of the completion of the construction. Company also agrees to provide an electronic version of the as-built facility design specifications that can be imported into ESRI GIS mapping software within 3 months of the completion of the construction. This electronic map data must be referenced to the North Dakota coordinate system of 1983, North and/or South zones US Survey feet (NAD 83) UTM Zone 13N or 14N feet (NAD 83), or

geographic coordinate system (WGS 84) feet. The vertical data must be in the appropriate vertical datum for the coordinate system used. All submissions must specify the datum in which the data was developed.

33. Company understands and agrees that the authorizations granted by the Certificate of Site Compatibility for the energy conversion facility are subject to modification by order of the Commission if deemed necessary to protect further the public or the environment.
34. Company understands and agrees that in the event Company desires to construct, within any site granted by a Certificate of Site Compatibility in this proceeding, an energy conversion facility that was not requested in Company's application in this proceeding, Company shall apply for a Certificate of Site Compatibility for the facility.
35. Company shall notify the Commission, as soon as reasonably possible, if any damage, as defined by North Dakota Century Code Chapter 49-23, occurs to underground facilities during construction conducted under the certificate or permit issued in this proceeding. In the event of any damage to underground facilities, Company shall suspend construction in the vicinity of the damage until compliance with One-Call Excavation Notice System requirements under North Dakota Century Code Chapter 49-23 has been determined and clearance to proceed has been given by the Commission.
36. The certificate of site compatibility is subject to suspension or revocation and may, after hearing, be suspended or revoked for failure to comply with the Commission's order, requirements of the One-Call Excavation Notice System under North Dakota Century Code Chapter 49-23, the conditions and criteria of the certificate or permit or subsequent modification, or failure to comply with applicable statutes, or rules, regulations, standards, and permits of other state or federal agencies.

Dated this 5th day of December, 2012.

ONEOK Rockies Midstream, L.L.C.

By J. Ben Boulton

Its VP Construction Projects



STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

ONEOK Rockies Midstream, L.L.C.
Garden Creek II Plant - McKenzie County
Siting Application

Case No. PU-12-656

Tree and Shrub Mitigation Specifications

Inventory

1. Trees and shrubs anticipated to be cleared, including those that are considered invasive species or noxious weeds (*e.g.*, *Caragana arborescens*, *Elaeagnus angustifolia*, *Rhamnus cathartica*, *Tamarix chinensis*, *T. parviflora*, *T. ramosissima*, *Ulmus pumila*), must be inventoried before cutting. The inventory must record the location, number, and species of trees and shrubs.
2. In windbreaks, shelterbelts and other planted areas, trees or shrubs anticipated to be cleared, regardless of size, must be inventoried for replacement.
3. In native growth areas, trees anticipated to be cleared that are 1 inch diameter at breast height (dbh) or greater must be inventoried for replacement.
4. In native growth areas, shrubs anticipated to be cleared in the permanent right-of-way must be inventoried for replacement.
5. In native growth areas outside the permanent right-of-way, shrubs must be cut flush with the surface of the ground, taking care to leave the naturally occurring seed bank and root stock intact. If soil disturbance is necessary, the native topsoil must be preserved and replaced after construction. Shrubs must be allowed to regenerate naturally where native topsoil is preserved and replaced. Where native topsoil is not preserved and replaced, shrubs anticipated to be cleared must be inventoried for replacement.
6. In native growth areas, trees and shrubs may be inventoried by actual count or by a sampling method that will properly represent the woody vegetation

population. A sampling plan developed by the company, filed with the North Dakota Public Service Commission (Commission) and approved prior to the start of construction must define the sampling method to be used for trees, for tall shrubs and for low shrubs. The data from the sample plots must be extrapolated to the total acreage of the wooded area to be cleared to determine the species and quantity of trees and shrubs to be replaced.

Clearing for Construction

7. Trees and shrubs must be selectively cleared, leaving mature trees and shrubs intact where practical.
8. The maximum width of clear cuts through windbreaks, shelterbelts and all other wooded areas is 50 feet, unless otherwise approved by the Commission.
9. If the area of trees or shrubs actually cleared differs from the area inventoried, the difference in number of trees and shrubs to be replaced must be noted on the inventory.

Replacement

10. Prior to tree and shrub replacement, documentation identifying the number and variety of trees and shrubs removed, as well as the mitigation plan for the proposed number, variety, type, location and date of replacement plantings, must be filed with the Commission for approval.
11. Two 2-year-old saplings must be planted for every one tree removed. Two shrubs (stem cuttings) must be planted for every one shrub removed.
12. Except in the case of invasive or noxious species, trees and shrubs must be replaced by the same species or similar species, suitable for North Dakota growing conditions as recommended by the North Dakota Forest Service. Invasive or noxious species must be replaced by similar non-invasive or non-

noxious species suitable for North Dakota growing conditions as recommended by the North Dakota Forest Service.

13. Landowners must be given the option of having replacement trees and shrubs planted on the landowner's property, either on or off the right-of-way. The landowner must also be given the opportunity to waive those options in writing in order to have replacement trees and shrubs planted off the landowner's property.
14. At the conclusion of the project, documentation identifying the actual number, variety, type, location and date of the replacement plantings must be filed with the Commission.
15. Tree and shrub replacements must be inspected annually, in September, for three years. The first annual inspection must be at least one year from the anniversary date of the original plantings. A report of each annual inspection must be submitted to the Commission by October 1 of each year, documenting the condition of plantings and any woodlands work completed as of September of each year. If after the third annual report the survival rate is less than 75%, the Commission may order additional planting(s).