

October 17, 2012

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PUBLIC SERVICE COMMISSION

HAND DELIVERED

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 Basin Transload, LLC's Crude Oil Pipeline Project, and Request for a Waiver of One-Year Notice Period

Dear Mr. Nitschke:

Basin Transload, LLC ("Basin"), a North Dakota limited liability company, 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. Basin's proposed pipeline will transport crude oil from Tesoro's High Plains Pipeline, and will terminate at an oil storage facility southeast of Columbus, in Burke County, North Dakota. The entire project will be located in Burke County, North Dakota.

Waiver Request

Basin requests a waiver from Section 69-06-03-01 of the North Dakota Administrative Code, which establishes a one-year notice period between filing this 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 Basin requests that the one-year notice period be shortened from one year to four (4) weeks. In other words, Basin seeks permission to file its combined application for a Certificate of Corridor Compatibility and Route Permit four (4) weeks after filing this LOI. Basin requests a waiver of the one-year notice period to allow adequate time to begin construction of the pipeline during the fourth quarter of 2012.

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

Attorneys & Advisors
main 701.221.4020
fax 701.221.4040
www.fredlaw.com

Fredrikson & Byron, P.A.
200 North T
Bismarck, N
58501-3879

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PU-12-775
Letter of Intent

Filed: 10/17/2012 Pages: 4

Size and Type of Facility

The proposed crude oil pipeline project will consist of approximately 7 miles of 10-inch outside diameter pipe, as well as possibly block valves, check valves, pumping stations, and pig launching and receiving stations. The project will extend from Tesoro's High Plains Pipeline in Section 2, Township 162 North, Range 92 West, approximately 7 miles to a storage facility in Section 3, Township 162 North, Range 93 West, near Columbus, North Dakota. The entire project will be located in Burke County, North Dakota.

Area to be Served

This project is designed to deliver up to 62,000 barrels per day of crude oil from Tesoro's High Plains Pipeline to an oil storage facility. From there, the crude oil will be transported via rail to out of state markets.

Map of the Study Area for the Proposed Corridor

Exhibit A is a map that depicts the proposed study area for the pipeline corridor.

Estimated Construction and Operation Schedule

Basin anticipates that the pipeline project will be operational by December 2012. Basin proposes to develop the pipeline on the following schedule:

- **October 2012** — File a combined application with the Commission for a Certificate of Corridor Compatibility and Route Permit. In addition, Basin will, as needed, file applications for conditional use permits with local permitting authorities (county and/or municipal).
- **November 2012** — The Commission and local permitting authorities grant appropriate certificates and permits for the pipeline.
- **November 2012** — Begin construction of the pipeline.
- **December 2012** — Complete construction of the pipeline.

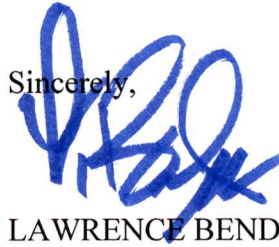
Estimated Total Cost of Construction

The total cost of the pipeline project is estimated to be approximately \$4.5 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 proposed pipeline project or this Letter of Intent, please do not hesitate to contact me.

Mr. Darrell Nitschke
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Sincerely,



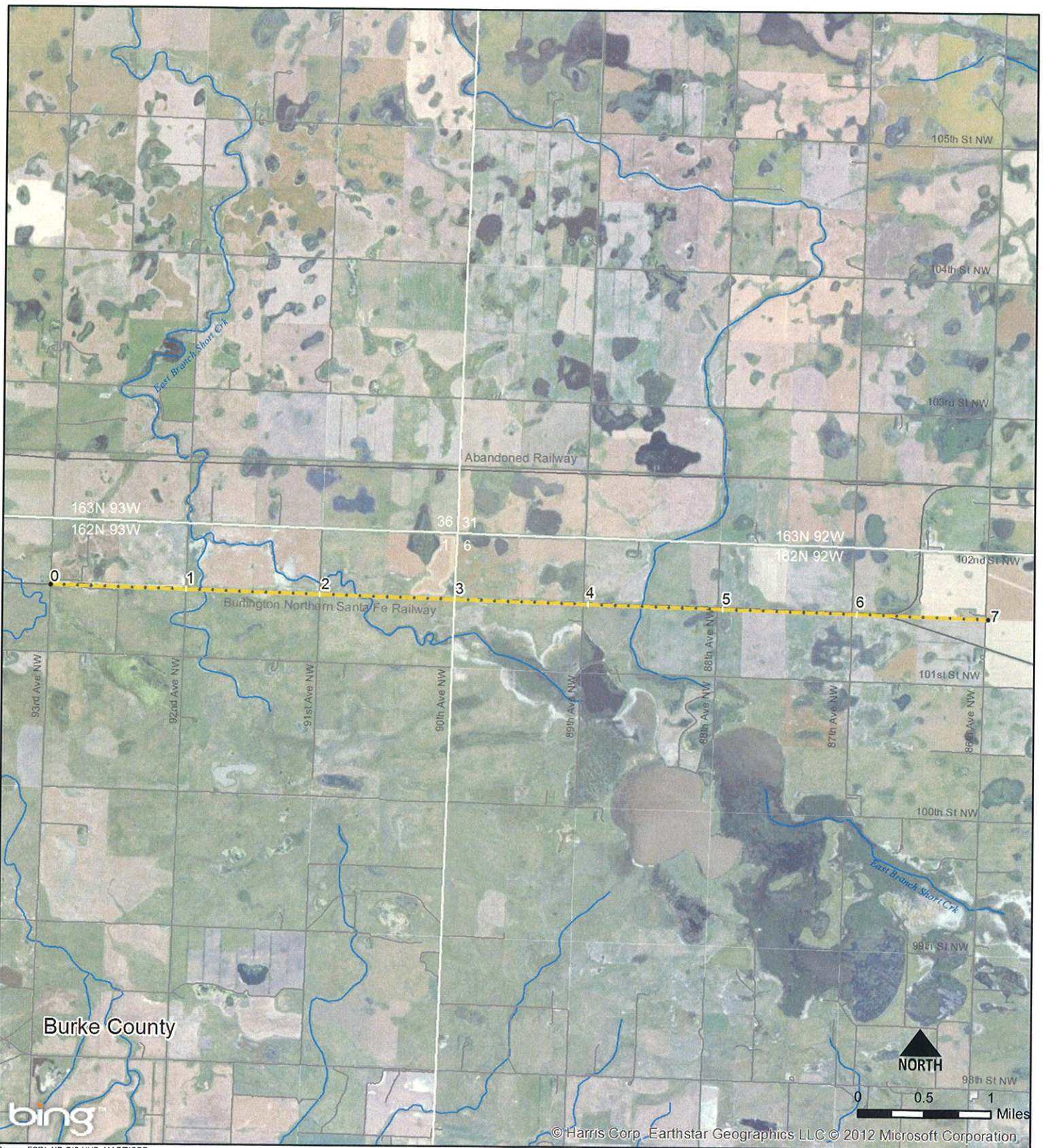
LAWRENCE BENDER

LB/jrr

Enclosure

cc: Ray W. Sheldon (*via e-mail – w/enclosure*)

5236737_2.DOC



— Proposed Pipeline Route with mile posts
— Roads
— Streams
— Railway

EXHIBIT

A

tabbles

**THPP Lignite
Lateral Corridor
Project Location**