

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NORTH DAKOTA

IN THE MATTER OF THE APPLICATION
OF BASIN TRANSLOAD, LLC, FOR A
CERTIFICATE OF CORRIDOR
COMPATIBILITY AND ROUTE PERMIT
FOR THE CONSTRUCTION OF AN
APPROXIMATELY 7-MILE-LONG 10-
INCH CRUDE OIL PIPELINE AND
ASSOCIATED FACILITIES IN BURKE
COUNTY, NORTH DAKOTA

CASE NO. PU-12-775

**Application of Basin Transload, LLC,
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 an 10-inch crude oil pipeline project, approximately 7 miles in length, all of which will be located in Burke County, North Dakota (the “Project”), Basin Transload, LLC (“Basin Transload”), 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, Basin Transload 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. Basin Transload requests that the

Commission hold a single consolidated hearing on this waiver request and its Consolidated Application. Basin Transload also requests that the Commission shorten the three-month period specified in Section 44-22-08(5) of the North Dakota Century Code and Section 69-06-06-2(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"), Basin Transload provides the following information in support of its waiver requests:

I. Description of Proposed Project.

1. **Type:** The Project will require installation of an underground steel pipeline that will transport crude oil. There will be no surface structures along the 7-mile pipeline between termination points. There are no compressor or pumping stations within the 7-mile length of the

proposed pipeline. Surface structures will exist on the east terminus at the Tesoro Lignite Station in Section 34-T163N-R92W and the western terminus at the oil storage facility being developed separately by Basin Transload in Section 3-T162N-R93W.

2. **Product:** The Project will transport crude oil.

3. **Size and Design:** The Project will require installation of 10-inch outside diameter steel pipeline. The pipeline is designed for a maximum operating pressure of 1,480 psi and a maximum temperature of 120 degrees Fahrenheit. The pipeline will typically operate at 60 degrees Fahrenheit and 1,100 psi. The nominal daily capacity of the pipeline will be 80,000 barrels per day, with an annual capacity of 29,200,000 barrels. The steel pipeline used for the Project will meet United States Department of Transportation regulations, specifically the designed 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 7 miles, all of which is located in Burke County, North Dakota. The pipeline will connect Tesoro's Lignite Station in Section 34-T163N-R92W with the storage facility under development by Basin Transload in Section 3-T162N-R93W of Burke County. Maps of the proposed project are provided in the Consolidated Application.

5. **Geographic Service Area:** As noted above, the Project will take crude oil from Tesoro's High Plains Pipeline at Tesoro's Lignite station to Basin Transload's storage facility. The immediate area served by the Project will be western North Dakota; however, the crude oil will ultimately be distributed throughout the United States.

6. **Time Schedule:** Basin has a target in-service date for the Project of January 31, 2013. Basin Transload proposes to develop the Project on the following schedule:

- November 9, 2012 — Basin files with the Commission a consolidated application for a Corridor Certificate and Route Permit.
- December 10, 2012 — The Commission issues a Corridor Certificate and Route Permit for the Project.
- December 10, 2012 — Basin Transload will begin construction of the Project.
- January 31, 2013 — Basin Transload will complete construction of the Project.

7. **Future Plans:** At this time, Basin Transload has no specific plans for additions to or modifications of the Project.

II. **Need for the Project.**

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 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

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).

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>.

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 Basin Transload with a safe and efficient mechanism to transfer crude oil. Additionally, transporting crude oil from Tesoro's High Plains Pipeline currently involves significant movement of crude oil by tanker truck over public roadways, a public safety issue that the Project will prevent. Thus, the Project will provide the needed capacity to transport crude oil production safely and economically from the Bakken and Three Forks formations to facilities with access to major markets.

For additional analysis of the need for the Project, including a discussion of alternatives evaluated, please see Section C of Basin Transload's Consolidated Application, which accompanies this waiver application.

III. Cost.

Basin Transload estimates that it will cost approximately \$4.5 million to develop the Project.

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>.

IV. Waiver Request.

Basin 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 Tesoro's High Plains Pipeline at Tesoro's Lignite station to Basin Transload's storage facility, from which crude oil may be distributed through the United States. Utilizing the Project 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 the 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 High Plains Pipeline 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 Basin Transload's Consolidated Application, granting the waivers requested is appropriate because the proposed facility will produce minimal adverse effects due to its length (only approximately 7 miles), its design (an underground, small-diameter pipeline with few above-ground appurtenances), its location (crossing pasture and farmland in rural Burke County and avoiding Exclusion and Avoidance Areas), and its purpose (underground transportation of crude oil).

In determining whether the proposed facility will result in adverse impacts on the environment, Basin Transload evaluated the Project using the criteria set forth in the Siting Act, the Siting Rules, and the Commission's Guidelines. More specifically, Basin Transload 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 Section B of the Consolidated Application. Based upon Basin Transload's siting criteria evaluation, and the factors set forth in the Guidelines, the Project will have minimal adverse effects.

Accordingly, Basin Transload respectfully requests that the Commission grant the requested waivers and render and expeditious decision.

Dated this 9th day of November, 2012.

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By 

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