

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NORTH DAKOTA**

**Hiland Crude, LLC
Crude Oil Pipeline, McKenzie, Williams,
& Mountrail Counties
Request for Pipeline Route Deviation –
Williams County**

CASE NO. PU-13-136

**Application of Hiland Crude, LLC,
for Waiver or Reduction of Procedures and Time Schedules**

In connection with the submission of the Request for Pipeline Route Deviation and Application for Amendment to Certificate of Corridor Compatibility and Route Permit (the “route modification”) for a portion of Hiland Crude, LLC’s (“Hiland”) crude oil pipeline located in Williams County, North Dakota, Hiland 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, Hiland requests the following:

1. That the Commission waive the requirement to hold a separate hearing on a waiver request, a request for an amendment to a Certificate of Corridor Compatibility, and a request for an amendment to a Route Permit, 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. Hiland requests that the Commission waive the hearing requirement in its **entirety**, unless specifically requested by an interested party. In the absence of any request, Hiland requests the Commission issue an Order

based on the materials submitted herewith, and all relevant materials previously submitted with the Consolidated Application for Corridor Certificate and Route Permit (“Consolidated Application”). *See* Commission Docket No. 6 (filed March 27, 2014). If the Commission determines a hearing is necessary, Hiland requests that the Commission hold a single consolidated hearing on this waiver request, the request for a pipeline route deviation, and the application for an amendment to the certificate of corridor compatibility and route permit.

2. That the Commission shorten all applicable time periods specified in Section 49-22-08(5) and Section 49-22-08.1(5) of the North Dakota Century Code, if applicable.
3. 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 an amendment to a Certificate of Corridor Compatibility and a Route Permit, and insofar as they require separate publication of notices.
4. That the Commission waive the requirements of Section 69-06-05-01(2)(f) of the North Dakota Administrative Code insofar as this section may require a corridor width of ten percent of the corridor’s length with a maximum width of six miles, reducing the required corridor width to between one and two miles for the Project.

Consistent with the Commission’s Energy and Transmission Facility Siting Guidelines (“Commission’s Guidelines”), Hiland provides the following information in support of its waiver requests:

A. Description of Route Modification.

1. **Type:** The route modification will require installation of an underground steel pipeline that will transport crude oil and allow the larger pipeline system, as fully described in the Consolidated Application, to be converted to a transmission line.

2. **Product:** The route modification will transport crude oil.

3. **Size and Design:** The size and design of the route modification is consistent with the information previously presented to the Commission through the original Consolidated Application. The entire pipeline, when converted to a transmission line, will have a maximum temperature rating of 120 degrees Fahrenheit and a maximum allowable operating pressure (MAOP) of 1,440 psig. The pipeline will typically operate at 60 degrees Fahrenheit and between 200 to 1,440 psig. The pipeline will have a maximum daily output of 65,000 bpd. The steel pipeline used for the route modification will meet United States Department of Transportation regulations, specifically the designed criteria outlined in 49 CFR Part 195, Subpart C. The route modification will be constructed, operated, and maintained in accordance with 49 CFR Part 195.

4. **Location:** The total length of the route modification is approximately 4,568 feet, all of which is located in Williams County, North Dakota. Maps of the proposed route modification are included with the request for pipeline route deviation. This route modification will become part of the approximately 197 mile pipeline conditionally approved in the Commission's Amended Order and First Amended Certificate of Corridor Compatibility and Route Permit.

5. **Geographic Service Area:** The route modification will allow Hiland to proceed with the conversion of the entire pipeline to a transmission line. Once all segments of the pipeline are in compliance with the siting requirements necessary for a transmission line, the pipeline will take crude oil from Williams, McKenzie, and Mountrail Counties to major markets

via (1) Enbridge's pipeline using a connection at Beaver Lodge; (2) COLT Rail Hub using a connection near Epping, North Dakota; (3) Plains' Bakken North Pipeline at Trenton Station, Savage Rail Station, and Enbridge Trenton Station using connections near Trenton, North Dakota; (4) Musket Rail using a loading station near Dore, North Dakota with a potential connection to Hiland's proposed Double H pipeline at this location; and (5) Bridger's Four Bears pipeline using a connection near Johnson's Corner. The immediate area served by the transmission line will be western North Dakota; however, the crude oil will ultimately be distributed throughout the United States.

6. **Time Schedule:** Hiland proposes to proceed with the route modification on the following schedule:

- December 2014 — Hiland files with the Commission a request for a pipeline route deviation and an application for an amendment to the Certificate of Corridor Compatibility and Route Permit.
- January 2015 — The Commission grants the request for the pipeline route deviation and issues an amended Certificate of Corridor Compatibility and Route Permit.
- February 2015 — Hiland will begin construction of the route modification.
- March/April 2015 — Hiland will complete construction of the route modification.

7. **Future Plans:** At this time, Hiland has no specific plans for additions to or modifications of the route modification.

B. Need for the Route Modification.

The Commission has previously examined the benefits of the Market Center pipeline through Hiland's original consolidated application for a Certificate of Corridor Compatibility and Route Permit, and the subsequent petition for reconsideration. In the proceedings leading up to the issuance of the Amended Order, the Commission noted the positive impacts the

conversion of the pipeline to a transmission line may have in the area. With the constraints to the existing transportation infrastructure in the area to be served by the transmission line, construction of the route modification will provide Hiland with a safe and efficient mechanism to transfer crude oil. Additionally, transporting crude oil in western North Dakota currently involves significant movement of crude oil by tanker truck over public roadways, a public safety issue that this transmission line can help prevent. The transmission line 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.

C. Cost.

Hiland estimates that the route modification will cost between \$300,000 - \$400,000.

D. Waiver Request.

Hiland requests that the Commission grant the waivers requested herein because said waivers are needed to prevent potentially significant delays to the pipeline route modification and the ultimate conversion of the gathering line to a transmission line. The Commission has previously heard testimony regarding the purpose of the pipeline, granted an Order, considered a petition for reconsideration, and issued an Amended Order approving a portion of the pipeline to be operated as a transmission line. As such, the Commission is aware of the need and benefit of the Market Center pipeline as a whole.

As noted in the original Consolidated Application for a Certificate of Corridor Compatibility and Route Permit, the conversion of the pipeline is needed to provide safe and economical means of transporting crude oil from Williams, McKenzie, and Mountrail Counties to major markets via (1) Enbridge's pipeline using a connection at Beaver Lodge; (2) COLT Rail Hub using a connection near Epping, North Dakota; (3) Plains' Bakken North Pipeline at Trenton Station, Savage Rail Station, and Enbridge Trenton Station using connections near

Trenton, North Dakota; (4) Musket Rail using a loading station near Dore, North Dakota with a potential connection to Hiland's proposed Double H pipeline at this location; and (5) Bridger's Four Bears pipeline using a connection near Johnson's Corner. Utilizing the pipeline as a transmission line 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 route modification will be delayed and the pipeline will not be able to satisfy the immediate need for a safer, more efficient means of transporting crude oil 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 Hiland's Request for Pipeline Route Deviation and Application for Amendment to Certificate of Corridor Compatibility and Route Permit, and all additional documents submitted herewith, granting the waivers requested is appropriate because the proposed facility will produce minimal adverse effects due to its length (approximately 4,568 feet that will be connected to the previously conditionally approved 197 miles), its design (an underground, small-diameter pipeline), its location (crossing agricultural land in rural Williams 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, Hiland evaluated the route modification using the criteria set forth in the Siting Act, the Siting Rules, and the Commission's Guidelines. More specifically, Hiland evaluated the

impacts of the route modification 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. Based upon Hiland's siting criteria evaluation, and the factors set forth in the Guidelines, the route modification will have minimal adverse effects.

Accordingly, Hiland respectfully requests that the Commission grant the requested waivers and issue a Notice of Filing and Notice of Opportunity for a Hearing as soon as possible. Hiland also requests the Commission determine the matter without a hearing if no response is received to the Notice of Opportunity for a Hearing, and render an expeditious decision on the request for a pipeline route deviation.

Dated this 17th day of December, 2014.

FREDRIKSON & BYRON, P.A.

By 

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