

January 21, 2014

VIA HAND DELIVERY

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



**RE: BAKKEN OIL EXPRESS PIPELINE
CRUDE OIL PIPELINE — DUNN AND
STARK COUNTIES
CASE NUMBER PU-13-825**

Dear Mr. Nitschke:

On December 30, 2013, the Commission issued its Order granting Bakken Oil Express Pipeline, LLC (“BOE”) a Certificate of Corridor Compatibility No. 150 and Route Permit No. 161 (“Order”). BOE hereby files a request for a modification to the Order, allowing BOE to increase the size of the Project pipeline from 16 inches to 20 inches in diameter for the approximately 4 southernmost miles of the previously approved Project pipeline. On or about January 3, 2014, BOE was contacted by True Oil, LLC (“True Oil”) regarding a potential interconnect between BOE’s and True Oil’s crude oil pipelines approximately 4 miles north of the existing BOE rail hub, which rail hub is located at the southern terminus of the BOE pipeline. Such an interconnect would require a larger diameter pipeline to carry True Oil product from the interconnect to the BOE rail hub. To that end, BOE submits herewith the following documents providing detailed information regarding the proposed modification:

- Certification of John Wadsworth;
- Map depicting location of True Oil and BOE pipelines;
- Diagram depicting interconnection between True Oil and BOE pipelines; and
- Map for Publication.

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

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

42 PU-13-825 Filed: 1/21/2014 Pages: 16
**Request for modification of Order with supporting
documentation**

Letter to D. Nitschke
Page 2
January 21, 2014

BOE also submits herewith an Application for Waiver or Reduction of Procedures and Time Schedules. As noted therein, and as depicted on the diagram enclosed herewith, a waiver is appropriate because the change in pipeline diameter will not result in increased impacts, or require increased mitigation or reclamation procedures, from that set forth in BOE's siting application or the Commission's Order. Rather, BOE anticipates that construction methods and right of way widths, as well as resulting impacts, will remain the same as that set forth in the siting application. BOE has begun construction on the previously approved pipeline, and respectfully requests that the Commission make a determination regarding the requested modification as soon as possible.

Enclosed are ten (10) copies of this letter and the above-noted Affidavit and Application, as well as a CD containing the enclosed documents in electronic format. Please note that the attached Certification of John Wadsworth is a copy. The original will be forwarded to the Commission upon receipt. If you should have any questions, please advise.

Sincerely,



JILLIAN RUPNOW

Enclosures

cc: Sara Cardwell (*via e-mail w/ encl.*)

45348308_1.DOCX

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NORTH DAKOTA

Bakken Oil Express Pipeline, LLC
Crude Oil Pipeline — Dunn and Stark Counties
Siting Application

CASE NO. PU-13-825

Certification of John Wadsworth in Support of the Application of
Bakken Oil Express Pipeline, LLC for Amended Certificate of Corridor
Compatibility and Route Permit

STATE OF KANSAS

COUNTY OF SEDGWICK

John C. Wadsworth states and alleges as follows:

1. That I am the Director of Engineering and Construction of Bakken Oil Express Pipeline, LLC (“BOE”) with the authority to bind BOE to the statements set forth in this Certification.
2. That I submit this Certification in support of BOE’s request for an amended Certificate of Corridor Compatibility and Route Permit, filed in the above-captioned matter.
3. That on October 4, 2013, BOE filed its Combined Certificate of Corridor Compatibility and Route Permit Application with the North Dakota Public Service Commission (“Commission”).
4. That on December 9, 2013, a public hearing was held in this matter.
5. That on December 19, 2013, BOE filed with the Commission a request to approve a minor modification of the route and corridor proposed at the December 9, 2013 public hearing.
6. That on December 30, 2013, the Commission approved the minor route and corridor modification and issued its Order granting BOE a Certificate of Corridor Compatibility

and Route Permit for the Project ("Order").

7. That BOE has already commenced construction on its pipeline.

8. That, on or about January 3, 2014, BOE was contacted by True Oil, LLC ("True Oil") regarding a potential BOE interconnect with the existing True Oil Belle Fourche pipeline ("True Oil Pipeline"). The original True Oil proposal intended to place a parallel pipeline in the newly approved BOE pipeline right-of-way with the intent to terminate the pipeline at the BOE Rail Hub. Ensuing negotiation resulted in a proposed interconnection point located in Stark County just north of Interstate 94, approximately 4 miles north of the BOE Rail Hub.

9. That the proposed interconnect with the True Oil Pipeline would necessitate an increase the pipeline diameter from the previously approved 16 inches to 20 inches, for the approximately 4-mile-length of pipeline between the True Oil interconnect to the BOE Rail Hub.

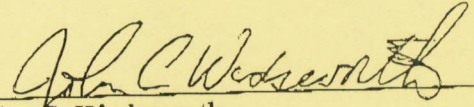
10. That the requested modification in pipeline diameter will result in reduction of trucking impacts associated with accepting True Oil trucks at the BOE Rail Hub facility. Trucking from the current True Oil Pipeline terminus to the BOE Rail Hub will be reduced by the number of trucks currently making the trip from that facility. The interconnect will therefore provide benefits to both the public and BOE.

11. That the requested modification in pipeline diameter does not require additional approval from the Department of Transportation for the Interstate 94 crossing.

12. That the proposed interconnect is located within the approved Corridor and BOE. The interconnect would be a receipt point for crude oil from the True Oil Pipeline.

13. That the requested modification in pipeline diameter was not anticipated in advance of the receipt of the Commission's Order, but was only considered following True Oil's proposal on or about January 3, 2014.

BAKKEN OIL EXPRESS PIPELINE, LLC



John C. Wadsworth

45349765_1.DOCX

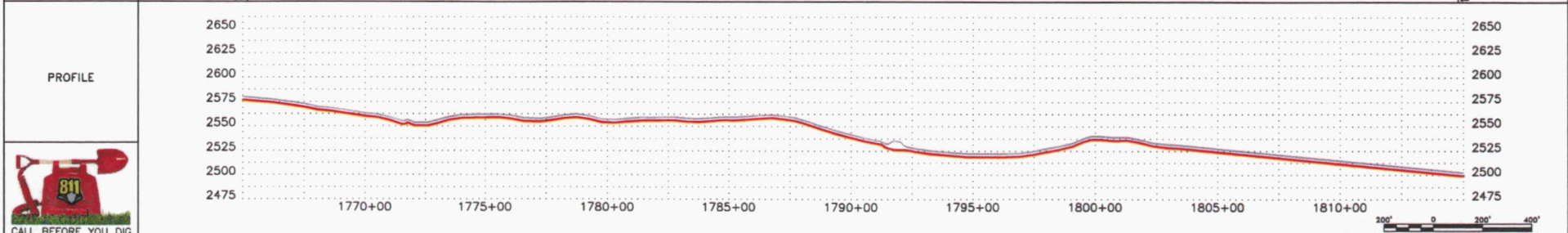
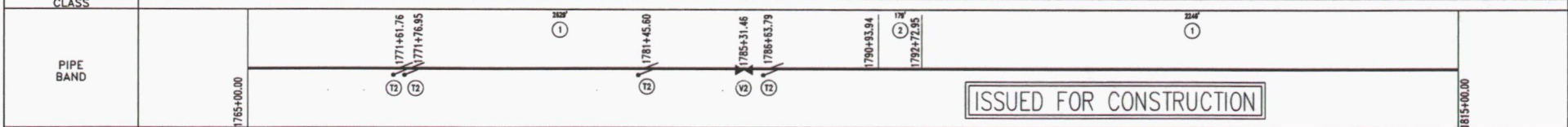
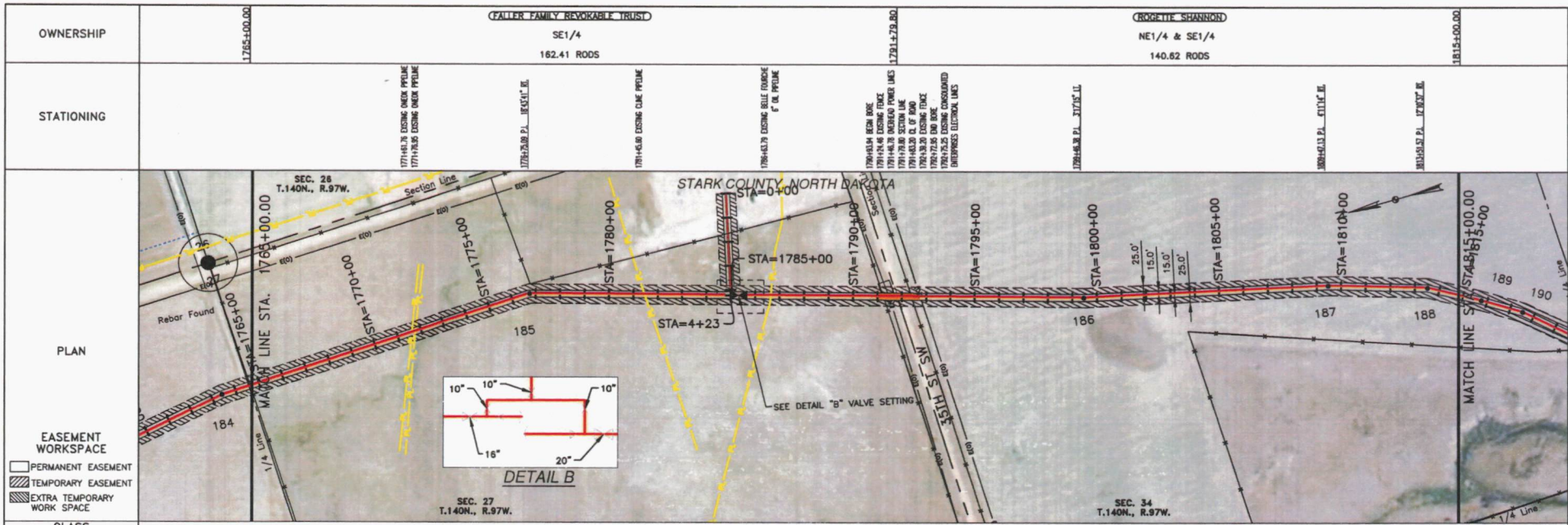
BOE Pipeline
True Oil Pipeline Connect

Belle Fourche (True Oil)

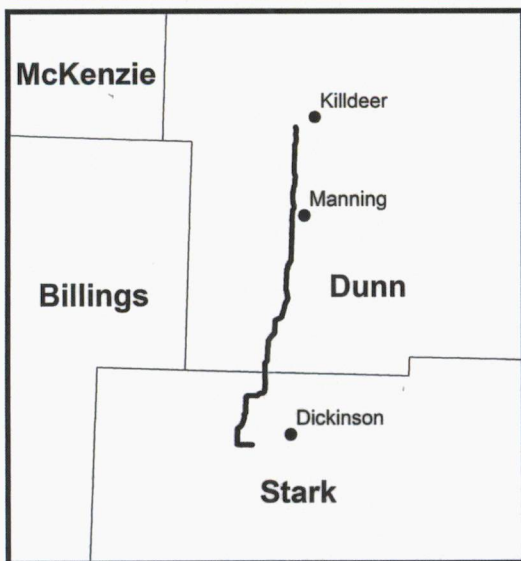
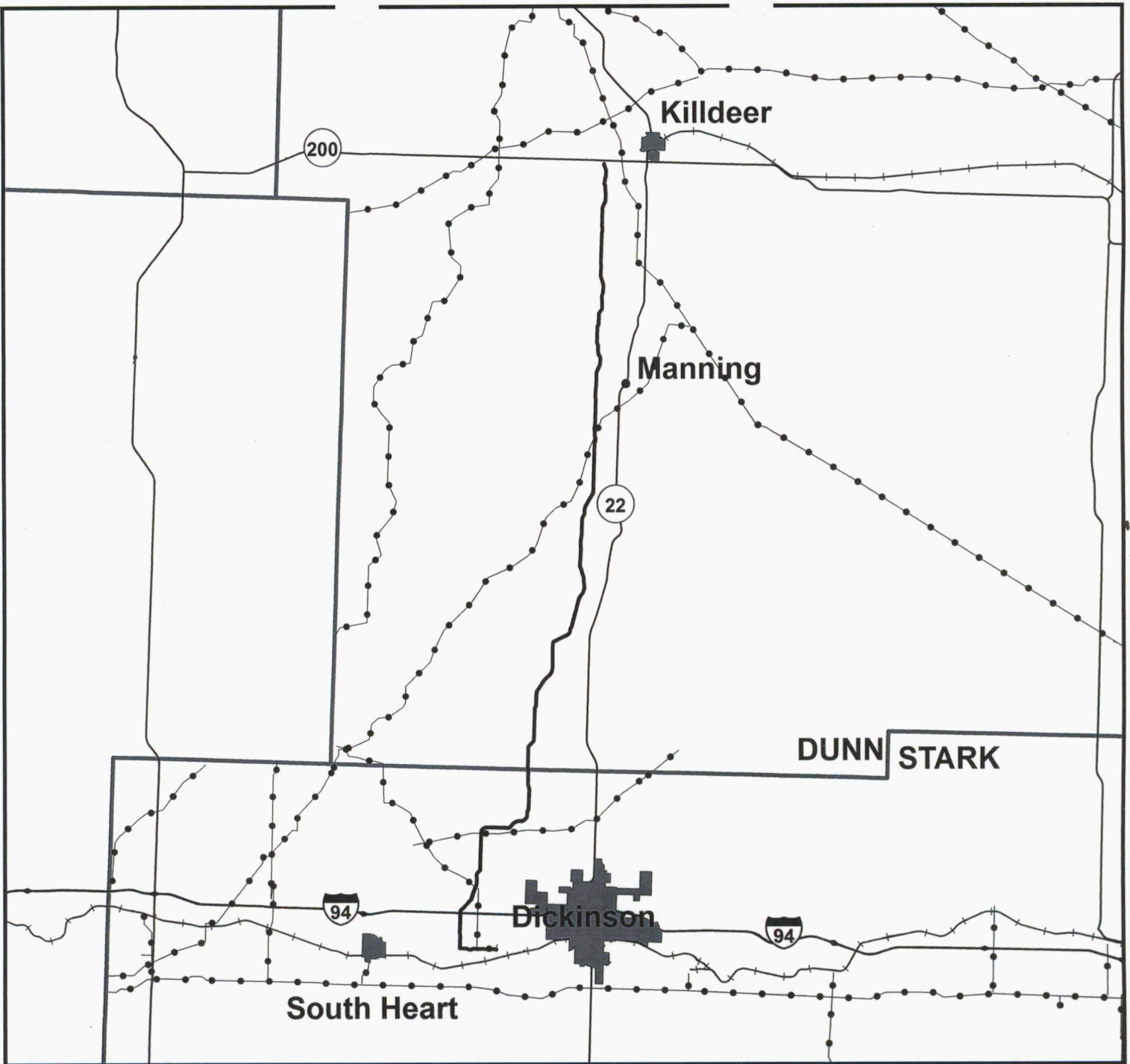


True Oil Pipeline Connect

State/Federal Roads	True Oil Pipeline
Previous Route	Approved Route
Block Valve Sets	Pipeline



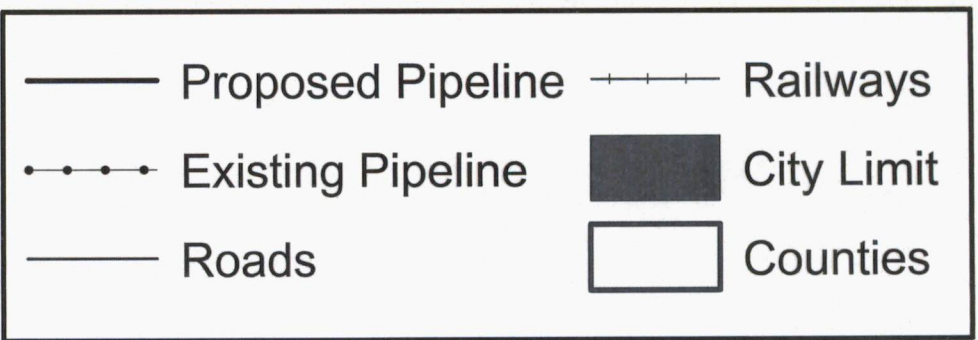
LEGEND		MATERIAL SUMMARY		REFERENCE DRAWINGS		REVISIONS		BOB		KLJ	
---	PROPERTY LINE	---	EXISTING FENCE	---	RAILROAD	---	VALVE SETTING PLAN AND PROFILE, NEW DETAIL 'B'	NO.	DATE	BAKKEN OIL EXPRESS PIPELINE	
---	SECTION LINE	---	FIBER OPTIC COM. LINE	---	WETLAND	1	1/2/14	1	1/2/14	EXPRESS PIPELINE	
---	EASEMENT LINE	---	AVOIDANCE AREA	---	EASEMENT					SECTIONS 27 & 34, T140N, R97W	
---	PIPELINE CENTERLINE	---	WETLAND	---	TEST LEAD					STARK COUNTY, NORTH DAKOTA	
---	WATER LINE	---	EASEMENT	---	VALVE SETTING					200' 0 200' 400' feet	
---	FOREIGN PIPELINE	---	UTILITY POLE	---	MARKER POST					BOB	
---	EXISTING ROAD	---	PROPOSED BORE	---	EROSION/SEMENT CONTROL BMP					KLJ	
---	UNDERGROUND COM. LINE	---	MARKER POST							200' 0 200' 400' feet	



Bakken Oil Express Pipeline Project Route

0 2.5 5 10 15 20 Miles

NORTH



BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NORTH DAKOTA

IN THE MATTER OF THE APPLICATION
OF BAKKEN OIL EXPRESS PIPELINE,
FOR A CERTIFICATE OF CORRIDOR
COMPATIBILITY AND ROUTE PERMIT
FOR THE CONSTRUCTION OF AN
APPROXIMATELY 38-MILE-LONG 16-
INCH CRUDE OIL PIPELINE AND
ASSOCIATED FACILITIES IN DUNN AND
STARK COUNTIES, NORTH DAKOTA

CASE NO. PU-13-825

**Application of Bakken Oil Express Pipeline,
for Waiver or Reduction of Procedures and Time Schedules**

In connection with its submission of a request for an amended Certificate of Corridor Compatibility and amended Route Permit (“Amended Application”) for a crude oil pipeline project, approximately 38 miles in length, all of which will be located in Dunn and Stark Counties, North Dakota (the “Project”), Bakken Oil Express Pipeline (“BOE Pipeline”), 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, BOE Pipeline requests that the Commission waive the following requirements:

1. 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 amended Certificate of Corridor Compatibility and an amended Route Permit, and insofar as they require separate publication of notices of filing of said applications.

2. The requirements of 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 insofar as these sections may require that the Commission hold a public hearing on a waiver request, the application for an amended Certificate of Corridor Compatibility, and/or the application for an amended Route Permit. Instead, BOE requests that the Commission issue an amended Certificate of Corridor Compatibility and amended Route Permit without the opportunity for hearing. Furthermore, if either an informal or formal hearing is required, BOE requests that the Commission grant the amended Certificate of Corridor Compatibility and amended Route Permit prior to the hearing, subject to public input.

Consistent with the Commission's Energy and Transmission Facility Siting Guidelines ("Commission's Guidelines"), BOE Pipeline provides the following information in support of its waiver requests:

A. Description of Proposed Project.

1. **Type**: The type of Project, as modified, will remain the same as approved in the Commission's Order

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

3. **Size and Design**: The size and design of the Project, as modified, will remain the same as approved in the Commission's Order, excepting the following changes:

- BOE requests permission to change the pipeline diameter for the approximately 4 southernmost miles of the previously approved pipeline Route and Corridor from 16 inches to 20 inches.

- The maximum capacity of the 20-inch-diameter portion of the pipeline will be 250,000 bpd.

4. **Location:** The location of the Project, as modified, will remain the same as approved in the Commission's Order.

5. **Geographic Service Area:** The geographic service area of the Project, as modified, will remain the same as approved in the Commission's Order.

6. **Time Schedule:** BOE Pipeline proposes to develop the Project on the following schedule:

- January 2014 — Begin construction on previously approved Project.
- January 2014 — Submit Amended Application.
- February 2014 — Obtain amended Certificate of Corridor Compatibility and amended Route Permit.
- March–April 2014 — Complete construction of the Project.

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

B. 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 dramatically over the past five years from approximately 130,000 bpd in November 2007 to nearly 740,000 bpd in November 2012,³ 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 2014 at the earliest, leaving incremental volumes to find alternative transportation methods, primarily rail.⁵

With the constraints to the existing transportation infrastructure in the Project area, construction of the Project will provide BOE with a safe and efficient mechanism to transfer crude oil. Additionally, transporting crude oil in western North Dakota currently involves

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>.

³ North Dakota Department of Mineral Resources. North Dakota Monthly Oil Production Statistics. Web access in January 2013 at: <https://www.dmr.nd.gov/oilgas/stats/historicaloilprodstats.pdf>.

⁴ North Dakota Department of Mineral Resources. 2012 Williston Basin Petroleum Convention, Williston Basin Outlook, ND. Web access in Sept. 2013 at: <http://www.ndoil.org/?id=279&page=2012+WBPC+Presentations>.

⁵ North Dakota Pipeline Authority. 2012 Williston Basin Petroleum Convention, Williston Basin Export Capacity. Web access in Sept. 2013 at: <http://www.ndoil.org/?id=279&page=2012+WBPC+Presentations>.

significant movement of crude oil by tanker truck over public roadways, a public safety issue that the Project will prevent. 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 2.1 of BOE's Consolidated Application, which was previously filed with the Commission.

C. Cost.

BOE Pipeline estimates that it will cost an additional \$900,000 to develop the interconnect, for a total \$3.9 million to develop the Project.

D. Waiver Request.

BOE Pipeline 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 the pumping/offloading station southwest of Killdeer to BOE's Rail Hub 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. Further, BOE has already begun construction of the Project. 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 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 BOE Pipeline’s Consolidated Application, granting the waivers requested is appropriate because the proposed facility will produce minimal adverse effects due to its length (only approximately 38 miles), its design (an underground, small-diameter pipeline with few above-ground appurtenances), its location (crossing pasture and farmland in rural Dunn and Stark Counties and avoiding Exclusion and Avoidance Areas), and its purpose (underground transportation of crude oil).

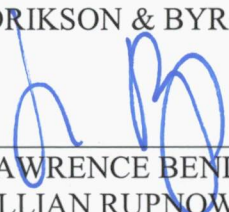
In determining whether the proposed facility will result in adverse impacts on the environment, BOE evaluated the Project using the criteria set forth in the Siting Act, the Siting Rules, and the Commission’s Guidelines. More specifically, BOE Pipeline evaluated the impacts of the Project considering 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, were summarized in Sections 3.1 to 3.18 of the previously submitted and approved Application. A change in the diameter of the pipeline from 16 to 20 inches, over only 4 miles of the previously approved Project, will not alter the impacts summarized in the Application, as it will not require a change in right of way width, construction methods, or mitigation or reclamation measures. Based upon BOE’s siting criteria evaluation, and the factors set forth in the Guidelines, the Project will have minimal adverse effects.

Accordingly, BOE Pipeline respectfully requests that the Commission grant the requested waivers and render an expeditious decision.

Dated this 21 day of January, 2014.

FREDRIKSON & BYRON, P.A.

By



LAWRENCE BENDER, ND Bar #03908
JILLIAN RUPNOW, ND Bar #06937
Attorneys for BOE Pipeline, LLC
200 North 3rd Street, Suite 150
P. O. Box 1855
Bismarck, ND 58501-1855
(701) 221-4020

