

John W. Morrison
100 West Broadway, Suite 250
P.O. Box 2798
Bismarck, ND 58502-2798
701.223.6585
jmorrison@crowleyfleck.com

May 7, 2014

Via U.S. Mail



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

In re: Whiting Oil and Gas Corporation
Robinson Lake Gas Plant Expansion
Mountrail County
Case No. PU-13-835
Our File No. 95-574-856

Dear Mr. Nitschke:

Enclosed for filing please find the original and ten copies of our proposed Findings of Fact, Conclusions of Law and Order.

Please call should you have any questions. Thank you.

Very truly yours,



John W. Morrison

lh
enc.

cc: Kaitlin McCormick (via email)
Patrick Ward (via email)
Zachary Pelham (via email)

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Whiting Oil and Gas Corporation
Robinson Lake Gas Plant Expansion –
Mountrail County, ND
Siting Application**

Case No. PU-13-835

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

May ___, 2014

Appearances

John W. Morrison, Attorney at Law, Crowley Fleck, PLLP, 100 West Broadway, Suite 250, Bismarck, North Dakota 58501, on behalf of the Applicant, Whiting Oil and Gas Corporation

Zachary E. Pellham, Special Assistant Attorney General, 314 East Thayer Avenue, P.O. Box 400, Bismarck, ND 58502-0400, on behalf of the Public Service Commission.

Julie S. Prescott, Public Utility Analyst, 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 October 11, 2013, Whiting Oil and Gas Corporation (“Whiting”) filed an application for certificate of site compatibility for the Robinson Lake Gas Plant in Mountrail County, North Dakota (the “Plant”). The Plant is an existing gas processing plant and Whiting proposes to increase its capacity from 97.5 MMSCFD to 110 MMSCFD.

On November 7, 2013, the Commission requested the Director of the Office of Administrative Hearings to appoint a procedural law judge in this case. On November 12, 2013, Patrick J. Ward was appointed as an administrative law judge to conduct the hearing in this case.

On December 18, 2013, the Commission found the application was complete and issued a Notice of Filing and Notice of Hearing for a public hearing for March 4, 2014, at 10:00 a.m. CDT at the Stanley City Hall, 221 South Main Street, Stanley, North Dakota 58784. The issues to be considered in this matter include:

1. Will the location, construction, and operation of the proposed facility produce minimal adverse affects 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 March 4, 2014, the Commission continued the hearing due to weather, and issued a Notice of Rescheduled Hearing, setting the rescheduled hearing for April 10, 2014 at 10:00 a.m. CDT at the Mountrail County South Complex Building, 8103 61st Street Northwest, Stanley, North Dakota 58784.

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

Findings of Fact

1. Whiting is a Delaware corporation and is wholly-owned subsidiary of Whiting Petroleum Corporation, which is independent oil and gas company that explores for, develops, acquires and produces crude oil, natural gas liquids and natural gas from various regions, including the Williston Basin. Whiting maintains its principal place of business at 1700 Broadway, Suite 2300, Denver, Colorado 80290-2300.

Project Design

2. The Plant was originally constructed in 2007 with a design capacity of 3 MMCFD and currently has a design capacity of 97.5 MMCFD. Whiting now proposes to expand the plant by the addition two compressor units to increase the design capacity to 110 MMCFD. The expansion will all occur on the existing footprint of the current Plant, which consists of a 23-acre fenced area on 35 acres owned by Whiting. As expanded, the Plant will continue to process gas produced in association with oil in the Mountrail County area, including principally the Sanish field.
3. Evidence presented by Whiting also indicated that further expansion of the Plant will likely occur in the future. Whiting anticipates that it could increase the capacity of the Plant to as much as 175 MMCFD by adding an additional refrigeration unit, up to six additional inlet/residue compressors, and related equipment. These activities would all occur within the existing footprint of the Plant and would not change the purpose or function of the Plant.

Need for the facility

4. 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. In 2013, Whiting commenced a higher density pilot program in the Sanish field and has re-worked a number of existing wells. Without the construction of additional gas processing facilities, wellhead 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

5. The addition of processing capacity to the current Plant at its existing location 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. Locating and siting a new plant would have a much greater impact to area resources and would also have undesired economic impacts.
6. Whiting 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.
7. Whiting identified a study area consisting of a 1-mile wide buffer area (the “Study Area”) centered upon the 35-acre tract currently owned by Whiting (the “Project Site”).
8. Whiting initiated consultations with the United States Fish and Wildlife Service (“USFWS”), the North Dakota Game and Fish Department, the North Dakota Parks and

Recreation Department, the North Dakota \State Historic Preservation Office, and the North Dakota Department of Health.

Siting Criteria

9. 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.
10. Whiting evaluated the Study Area and the Project Site for the exclusion, avoidance, selection and policy criteria of the Commission.
11. No exclusion areas or avoidance areas are included within the Project Site.

12. There are prime farmlands and woodlands associated with waterways and section lines within the Study Area, but none are located within the Project Site. Additionally, while there are occupied structures within the Study Area, those occupied structures, which were constructed after Whiting constructed the Plant, are more than 500 feet from the Project Site. No other avoidance areas were included within either the Study Area or the Project Site.

Cultural Resources

13. Through a consultant, Whiting conducted a Class I Cultural Resources Literature Search of all lands within one mile of the Project Site and a Class III Cultural Resource Inventory of the Project Site. While 5 previously recorded cultural resources were located within one mile of the Project Site, none were within the Project Site and no cultural resources were identified by the Class III study within the Project Site. Whiting's consultants prepared a report recommending no further cultural resource work and the State Historic Preservation Officer concurred with the recommendation.

Wetlands and Wildlife

14. There are no wetlands within the Project Site.
15. A natural resource inventory indicated that the wildlife on the Project Site consists of species commonly associated with mixed-grass prairie and agricultural communities and no Federal or state species of concern were observed on the Project Site.

Policy Criteria

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

Measures to Minimize Impact

17. Whiting has made other representations and covenants as indicated in the Certification Relating to Order Provisions – Facility Siting as executed by Whiting and filed with the Commission (the “Certification”).
18. As noted above, Whiting anticipates further expansions of the Plant in the future and has committed to providing the Commission with certifications in accordance with Section 49-22-03(3)(a) of the North Dakota Century Code and an additional certification that any such expansion would not materially increase the level of noise outside the boundaries of the Project Site.
19. The anticipated cost of the current expansion is approximately \$6,000,000. Whiting's investment in the Plant as expanded will be approximately \$150,000,000.

From the foregoing Findings of Fact, the Commission now makes its:

Conclusions of Law

1. The Commission has jurisdiction over the applicant, Whiting, and over the subject matter of this application under North Dakota Century Code Chapter 49-22.
2. Whiting is a utility as defined in North Dakota Century Code Section 49-22-03(13).
3. The Plant, when expanded in accordance with Whiting's plans, will be 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.
8. Pursuant to North Dakota Century Code Section 49-22-03(3)(a), further expansion of the Plant which consists of construction activities conducted within the boundaries of the Project Site and which do not affect any known exclusion or avoidance areas do not constitute "construction" requiring an additional or amended certificate of site compatibility if Whiting certifies certain matters to the Commission in accordance with Section 49-22-03(3)(a)(3).

From the foregoing Findings of Fact and Conclusions of Law, the Commission now makes its:

Order

The Commission orders:

1. Whiting is issued Certificate of Site Compatibility for Energy Conversion Facility No. _____ for the construction, operation and maintenance of the Robinson Lake Gas Plant. For purposes of the Certificate, the Site consists of the 35-acre Project Site.
3. The Certification Relating to Order Provisions – Facility Siting filed February 28, 2014 (the “Certification”) is incorporated by reference and attached to this order.
4. Notwithstanding any provisions to the contrary included within the Certification, including without limitation Sections 30 and 33 thereof, Whiting is allowed to modify the Plant in the future through activities which occur wholly within the boundaries of the Project Site without further approval of the Commission so long as (i) the activities do not affect any known exclusion or avoidance areas; and (ii) Whiting certifies to the Commission that (a) the activities will not affect any known exclusion or avoidance areas, (b) the activities will not materially increase the levels of noise outside the boundaries of the Project Site, and (c) Whiting agrees to comply with all applicable conditions and protections in siting laws and rules and Commission orders previously issued for any part of the Plant.

Dated this _____ day of May, 2014.

PUBLIC SERVICE COMMISSION

Commissioner

Commissioner

Commissioner