



Public Service Commission

State of North Dakota

COMMISSIONERS

Brian P. Kalk
Randy Christmann
Julie Fedorchak

Executive Secretary
Darrell Nitschke

600 East Boulevard, Dept. 408
Bismarck, North Dakota 58505-0480
Web: www.psc.nd.gov
E-mail: ndpsc@nd.gov
Phone: 701-328-2400
ND Toll Free: 1-877-245-6685
Fax: 701-328-2410
TDD: 800-366-6888 or 711

15 July 2014

Mr. Murray Jackson
Hess Corporation
1501 McKinney Street
Houston, TX 77010

RE: Hess Corporation
Crude Oil and NGL Pipelines - Hawkeye Pipeline Project
Jurisdictional Determination

PSC Case No. 14-33

Dear Mr. Jackson,

Thank you for your letter of 13 January 2014 requesting a jurisdictional determination on three proposed new pipeline segments, as specified in your letter.

On July 10, 2014, the Public Service Commission discussed your request at the administrative matters portion of its regular meeting, and asked me to respond to you. The Commission concluded that, based on the information you have provided, two of the proposed lines will be jurisdictional, and one would not be jurisdictional.

Our understanding is that one of the new pipelines will be a natural gas pipeline, one will be a crude oil pipeline, and the third will be a natural gas liquids pipeline. The Commission has concluded that the natural gas pipeline would not be jurisdictional. However, both the crude oil pipeline and the natural gas liquids pipeline would be jurisdictional.

The proposed new 12-inch natural gas pipeline would transport natural gas (maximum area operating pressure of 1250 psi) from the existing Hawkeye Compressor, near Charlson, to the south side of Lake Sakakawea, and would connect to an existing 8-inch pipeline that traverses Lake Sakakawea, on the north side of Lake Sakakawea, as well as connect to a new 12-inch pipeline to transport the crude oil to the Hess Tioga Gas Plant in Tioga. According to a letter from Hess dated March 12, 2014, the natural gas would be processed at the Tioga Gas Plant. Therefore, (as we understand it) upstream of the Tioga Gas Plant, the gas has not yet been processed or fully processed. If the gas in this line requires processing to produce end-use consumer-quality gas, then this line would be defined as gathering under North Dakota Century Code section 49-22-03 (12)(b) and the pipeline would not be subject to siting jurisdiction.

The second pipeline inquired about is a new crude oil pipeline. The proposed new 12-inch pipeline would transport crude oil (maximum area operating pressure of 1000 psi) from storage tanks located at a new proposed Hawkeye Central Oil Facility near Keene to the south side of Lake Sakakawea, would connect to an existing 8-inch line that traverses Lake

Hess Corporation
Response to Request for Jurisdictional Determination
15 July 2014
Page 2

Sakakawea, and on the north side of Lake Sakakawea, connect to a new 12-inch pipeline (mentioned above) to transport the natural gas to the existing Ramberg Truck Facility near Tioga. The Hawkeye Central Oil Facility would be a storage site where pressure is increased for further transport. This pipeline would be subject to siting jurisdiction.

The final pipeline in question is a proposed natural gas liquids pipeline. An existing 8-inch pipeline would be converted to transport natural gas liquids (maximum area operating pressure of 1200 psi) from the existing Hawkeye Compressor, south of the Lake near Charlson, to the North Hofflund facility, north of Lake Sakakawea, where it connects to an existing 10-inch pipeline for further transport to the Silurian Compressor Station near Tioga. Under North Dakota Century Code section 49-22-03 (12)(b), a transmission facility includes a liquid transmission line and assorted facilities designed for or capable of transporting liquid hydrocarbons, whether the line is transmission or gathering. The exclusion for gathering (North Dakota Century Code section 49-22-03 (12)(b)(1)) applies to *oil or gas gathering lines*, it does not apply to liquid hydrocarbon gathering lines. Consequently, the natural gas liquids pipeline would be subject to siting jurisdiction.

We thank you again for contacting us with your questions. If there is any further assistance you need, or questions you may have, please do not hesitate to contact us.

Best regards,

A handwritten signature in black ink, appearing to read "Illona A. Jeffcoat-Sacco". The signature is fluid and cursive, with a large, stylized initial "I".

Illona Jeffcoat-Sacco
General Counsel