

July 1, 2014

HAND-DELIVERED

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



**RE: Hawthorn Oil Transportation
(North Dakota) Inc.'s Ten-Year
Plan for 2014-2024
Case No. PU-14-___**

Dear Mr. Nitschke:

Please find enclosed herewith for filing an original and ten copies of the following:

1. Hawthorn Oil Transportation (North Dakota) Inc.'s Ten-Year Plan: 2014-2024; and
2. Hawthorn Oil Transportation (North Dakota) Inc.'s Notice of Filing Ten Year Plan: 2014-2024.

A CD containing a copy of each of the above-referenced documents in PDF format is also enclosed. Should you have any questions, please advise.

Sincerely,

JILLIAN RUPNOW

Enclosures

cc: Cary Loughman – (w/encl. – via e-mail)

50890290_1.DOCX

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

Fredrikson & Byron, P.A.
200 North
Bismarck,
58501-387

1 PU-14-527 Filed: 7/1/2014 Pages: 10
2014 Ten Year Plan

TEN YEAR PLAN: 2014-2024
Hawthorn Oil Transportation (North Dakota), Inc.

July 2014

In accordance with Section 49-22-04 of the North Dakota Century Code and Chapter 69-06-02 of the North Dakota Administrative Code, Hawthorn Oil Transportation (North Dakota), Inc. (Hawthorn), submits the following Ten Year Plan for years 2014 through 2024.

- (1) A description of the general location, size, and type of all facilities to be owned or operated by the utility during the ensuing ten years, as well as those facilities to be removed from service during the ten-year period.

Hawthorn currently owns and operates an approximately 6-mile-long, 8-inch crude oil pipeline located in Mountrail County, North Dakota. The North Dakota Public Service Commission (Commission) issued Certificate of Corridor Compatibility No. 110 and Route Permit No. 120 to Hawthorn for the pipeline on December 10, 2009 (*see* Case No. PU-09-153). The pipeline extends from a transfer facility south of Stanley, North Dakota (HPS 1) that includes a Lease Automatic Custody Transfer (LACT) unit along with a shipping pump and associated equipment, to a storage facility for a rail transportation facility owned by EOG Resources Railyard (North Dakota), Inc. (EOG Resources), located northeast of Stanley, North Dakota. The pipeline has a capacity of approximately 60,000 barrels per day.

Hawthorn intends to construct, own, and operate a second pipeline within the approved corridor. Further information regarding the pipeline may be found in the Certification Regarding Exclusion and Avoidance Areas and supporting documentation, filed with the Commission on May 28, 2014 (*see* Case No. PU-14-256).

Hawthorn does not plan to construct, own, or operate any other facilities in North Dakota during the next ten years. In addition, Hawthorn does not own or operate any facilities that it plans to remove from service during the next ten years.

- (2) An identification of the location of the tentative preferred site for all energy conversion facilities and the tentative location of all transmission facilities on which construction is intended to be commenced within the ensuing five years and such other information as may be required by the commission. The site and corridor identification shall be made in compliance with the criteria published by the commission pursuant to section 49-22-05.1.

Hawthorn intends to construct a second pipeline within the approved corridor. Further information regarding the pipeline may be found in the Certification Regarding Exclusion and Avoidance Areas and supporting documentation, filed with the Commission on May 28, 2014 (*see* Case No. PU-14-256).

- (3) A description of the efforts by the utility to coordinate the plan with other utilities so as to provide a coordinated regional plan for meeting the utility needs of the region.

In developing the above-described pipeline project, Hawthorn coordinated with affected landowners and adjacent pipeline operators, nearby utility companies, railroads, and many local, state, and federal government agencies to eliminate conflicts in land use.

Further, the Hawthorn supply sources were enhanced in February 2012 with the addition of a North Dakota Pipeline Company, LLC (f/ka/ Enbridge Pipelines (North Dakota), LLC) interconnect (HPS 2) that includes a second LACT unit along with a shipping pump and associated equipment. The original 8" Hawthorn pipeline to EOG Resources' railyard remains unchanged. The purpose of the new HPS 2 interconnect is to relieve Enbridge of capacity issues and offload certain barrels from Enbridge's pipeline to EOG Resources' rail system.

- (4) A description of the efforts to involve environmental protection and land-use planning agencies in the planning process, as well as other efforts to identify and minimize environmental problems at the earliest possible stage in the planning process.

Hawthorn followed its environmental protection and land-use coordination policy when planning its 8-inch crude oil pipeline in Mountrail County, North Dakota. Hawthorn employed a qualified environmental consulting firm to conduct a study of and identify avoidance and exclusion areas within the corridor and route selected, in accordance with Chapter 49-22 of the North Dakota Century Code and Section 69-06-08-02 of the North Dakota Administrative Code. In addition, Hawthorn consulted with local, state, and federal agencies and governmental units to discuss and seek input regarding the pipeline project, and obtained all necessary permits and approvals. As noted above, the Commission issued a Certificate of Corridor Compatibility and Route Permit to Hawthorn for the pipeline on December 10, 2009 (*see* Case No. PU-09-153).

- (5) A statement of the projected demand for the service rendered by the utility for the ensuing ten years and the underlying assumptions for the projection, with that information being as geographically specific as possible, and a description of the manner and extent to which the utility will meet the projected demands.

Crude oil production in the catchment area of the pipeline continues to rapidly increase due to the high level of drilling activity, and advanced well completion techniques, among other things.¹ Based on current drilling activity, Hawthorn estimates that crude oil production from the Bakken and Three Forks formations will increase significantly beyond the capacity of Hawthorn's pipelines and other regional pipelines. For example, the most recent U.S. Geological Survey information doubled its previous estimate from 2008 of undiscovered,

¹North Dakota's Bakken Oil Output Passes 600,000 Barrels a Day, available at <http://www.bloomberg.com/news/2012-09-14/north-dakota-s-bakken-oil-output-passes-600-000-barrels-a-day.html>.

technically recoverable oil, stating there now may be 7.4 billion barrels of oil still undiscovered in the Bakken and Three Forks formations in North Dakota and Montana.² Information from the NDDMR indicates that oil production has increased dramatically over the past five years from approximately 263,000 bpd in 2010 to over 1,000,000 bpd in April 2014,³ and production is expected to continue to increase dramatically.⁴

The major constraint in transporting oil from North Dakota to refining centers continues to be 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 the production, leaving incremental volumes to find alternative transportation methods, primarily rail.

With the constraints to the existing transportation infrastructure in the Project area, Hawthorn provides an additional safe and efficient mechanism to transfer crude oil to existing and new outlets.

The ever-increasing crude oil production in western North Dakota, as evidenced by the North Dakota Industrial Commission's latest drilling and production statistics,⁵ indicates that the regional transportation service provided by Hawthorn pipelines will continue to be needed during the next ten years and beyond.

² United States Geological Survey. Assessment of Undiscovered Oil Resources in the Bakken and Three Forks Formations, Williston BakkenLink Province, Montana, North Dakota, and South Dakota, 2013. Web access in June 2014 at: <http://pubs.usgs.gov/fs/2013/3013/>

³ North Dakota Department of Mineral Resources. North Dakota Monthly Oil Production Statistics. Web access in June 2014 at <https://www.dmr.nd.gov/oilgas/stats/historicaloilprodstats.pdf>

⁴ North Dakota Department of Mineral Resources. Activities and Projections. Web access in June 2014 at: <https://www.dmr.nd.gov/oilgas/presentations/ActivityUpdate2014-06-11NCSLBismarck.pdf>

⁵ North Dakota Industrial Commission, Department of Mineral Resources, Oil and Gas Division. "North Dakota Drilling and Production Statistics." Web access in June 2014 at: <https://www.dmr.nd.gov/oilgas/stats/statisticsvw.asp>

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Case No. PU-14-____

IN THE MATTER OF THE FILING OF A TEN
YEAR PLAN BY HAWTHORN OIL
TRANSPORTATION (NORTH DAKOTA), INC.

CERTIFICATE OF SERVICE


Jillian Rupnow, being first duly sworn, does depose and state that on July 1, 2014, the following document was served:

Ten Year Plan: 2014-2024

by placing a true and correct copy of said document in an envelope addressed as follows:

Joan Hollekim
Mountrail County Auditor
PO Box 69
Stanley ND 58784-0069

and depositing the same, with postage prepaid, in the United States mail at Bismarck, North Dakota.



Jillian Rupnow

50852901_1.docx

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Case No. PU-14-_____

IN THE MATTER OF THE FILING OF A TEN
YEAR PLAN BY HAWTHORN OIL
TRANSPORTATION (NORTH DAKOTA), INC.

**NOTICE OF FILING TEN YEAR PLAN
2014-2024**

PLEASE TAKE NOTICE that Hawthorn Oil Transportation (North Dakota), Inc., has, this date, in accordance with Section 49-22-04 of the North Dakota Century Code and Chapter 69-06-02 of the North Dakota Administrative Code, filed with the North Dakota Public Service Commission and the Mountrail County, North Dakota Auditor, a Ten Year Plan for the years 2014 through 2024.

Dated this 1st day of July, 2014.

Fredrikson & Byron, P.A.

By  _____

Lawrence Bender, ND Bar #03908

Jillian R. Rupnow, ND Bar #06937

*Attorneys for Hawthorn Oil Transportation
(North Dakota), Inc.*

200 North 3rd Street, Suite 150

P. O. Box 1855

Bismarck, ND 58502-1855

(701) 221-4035

CERTIFICATE OF SERVICE

I, the undersigned, hereby certify that a true and correct copy of the following document:

NOTICE OF FILING TEN-YEAR PLAN: 2014-2024

was on the 1st day of July, 2014 served by placing the same in the United States mail, postage prepaid, properly addressed to the following:

North Dakota Aeronautics Commission
P.O. Box 5020
Bismarck, ND 58502-5020

North Dakota Office of Attorney General
State Capitol
600 E. Boulevard Ave.
Dept. 125
Bismarck, ND 58505

North Dakota Dept. of Agriculture
600 E. Boulevard Ave.
Dept. 602
Bismarck, ND 58505-0020

North Dakota Dept. of Health
600 E. Boulevard Ave.
Bismarck, ND 58505-0200

Dept. of Human Services
600 E. Boulevard Ave.
Dept. 325
Bismarck, ND 58505-0250

North Dakota Dept. of Labor
600 E. Boulevard Ave.
Dept. 406
Bismarck, ND 58505-0340

Department of Vocational Education
c/o Career and Technical Education
State Capitol, 15th Floor
600 E. Boulevard Ave., Dept. 270
Bismarck, ND 58505-0610

North Dakota Dept. of Commerce
PO Box 2057
Bismarck, ND 58502-2057

Energy Development Impact Office
North Dakota State Land Dept.
P.O. Box 5523
Bismarck, ND 58506-5523

North Dakota Game and Fish Department
100 N. Bismarck Expressway
Bismarck, ND 58501-5095

North Dakota Geological Survey
600 E. Boulevard Avenue
Bismarck, ND 58505-0840

Office of Governor Jack Dalrymple
State of North Dakota
600 E. Boulevard Ave.
Bismarck, ND 58505-0001

North Dakota State Highway Department
115 D Street
Richardton, ND 58652

North Dakota Department of Transportation
608 E. Boulevard Ave.
Bismarck, ND 58505-0700

State Historical Society
of North Dakota
612 E. Boulevard Ave.
Bismarck, ND 58505-0830

North Dakota Indian Affairs Commission
600 E. Boulevard Ave.
1st Floor - Judicial Wing, Rm. 117
Bismarck, ND 58505-0300

Job Service North Dakota
P.O. Box 5507
Bismarck, ND 58506-5507

North Dakota State Land Dept.
1707 North 9th Street
P.O. Box 5523
Bismarck, ND 58506-5523

North Dakota Parks and Recreation Dept.
1600 E. Century Ave., Suite 3
Bismarck, ND 58503-0649

Division of Community Services
Dept. of Commerce
1600 E. Century Ave., Suite 2
PO Box 2057
Bismarck, ND 58502-2057

North Dakota State Soil Conservation Committee
c/o NDSU Extension Service
2718 Gateway Ave., Suite 104
Bismarck, ND 58503

North Dakota State Water Commission
900 E. Boulevard Ave., Dept. 770
Bismarck, ND 58505-0850

North Dakota Industrial Commission
600 East Boulevard Ave Dept 405
Bismarck, ND 58505-0840

United States Department of Defense
1400 Defense Pentagon
Washington, DC 20301-1400

United States Fish and Wildlife Service
North Dakota Field Office
3425 Miriam Avenue
Bismarck, North Dakota 58501-7926

Federal Aviation Administration
800 Independence Ave, SW
Washington, DC 20591

North Dakota Transmission Authority
State Capitol 14th Floor, 600 E. Boulevard Ave. Dept. 405
Bismarck, ND 58505-0840

North Dakota Pipeline Authority
State Capitol 14th Floor
600 E. Boulevard Ave. Dept. 405
Bismarck, ND 58505-0840

Mountrail County Commission
PO Box 875
New Town ND 58763-0875



A handwritten signature in blue ink, appearing to read "Jillian Rupnow", is positioned above a horizontal line.

Jillian Rupnow

50890277_1.DOCX