

July 1, 2014

HAND-DELIVERED

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



**RE: Hiland Crude, LLC'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. Hiland Crude, LLC's Ten-Year Plan: 2014-2024; and
2. Hiland Crude LLC'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,

A handwritten signature in blue ink, appearing to read "Jillian Rupnow".

JILLIAN RUPNOW

Enclosures

cc: Jim Suttle – (w/encl. – via e-mail)

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PU-14-530
2014 Ten Year Plan

Filed: 7/1/2014

Pages: 10

TEN YEAR PLAN: 2014-2024

Hiland Crude, LLC

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, Hiland Crude, LLC (Hiland), 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.

Hiland operates approximately 197 miles of 8-inch steel crude oil gathering pipeline all of which is located in McKenzie, Williams, and Mountrail Counties, North Dakota. Hiland is in the process of converting the gathering pipeline to transmission pipeline, by the addition of storage tanks and pumping stations, pending approval of the Public Service Commission. The pipeline transports 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.

Recent proposals from ETP, Enterprise, North Star Terminal and other producers will likely create the need of additional build outs from the above-described pipeline system. Future routes are uncertain and detailed planning is not possible. Uncertainty also exists as to the number of wells that may be connected upstream of the pipeline system, further complicating future expansion needs.

- (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.

There are no energy conversion facilities associated with the Hiland project.

Hiland evaluated a study area to determine the best location for the placement of the corridor and route in order to minimize any potential land use and environmental impacts, maximize public benefits, and take into consideration design and construction limitations and economics. The selected location of the route within the corridor was made in compliance with

Chapter 49-22-05.1, as discussed in the Application for a Certificate of Corridor Compatibility and Route Permit in Case No. PU-13-136.

At this time, Hiland has no firm plans to construct additional transmission pipeline facilities outside the Project within the next five years. However, Hiland's customers continue to expand their operations, which has the potential to require expanded Hiland system capacity as well as further extension of Hiland's system to accommodate the continued growth of crude oil production in western North Dakota.

- (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.

Hiland will continue to reach out to and work with the owners of other crude oil pipelines to develop interconnects in order to maximize the efficient use of collective pipeline capacity within western North Dakota. In some cases pipelines do compete for some of the same business which may restrict the ability to coordinate. In the future, the strategic position of the Project will encourage the development of pipeline gathering laterals and receipt points and outlet connections with third party pipelines along the pipeline route.

- (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.

Hiland has consulted with various federal, state, and local governments, as well as local businesses and residents. Scoping letters presenting the Project were mailed to the various agencies and governing units in 2013. No government agencies opposed the Project.

- (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 high level of drilling activity, better than expected drilling results, and increasing drilling rig efficiencies, among other things. Based on current drilling activity, Hiland estimates that crude oil production from the Bakken and Three Forks formations will increase significantly beyond the capacity of Hiland's pipelines and other regional pipelines. For example, the most recent U.S. Geological Survey information doubled its previous estimate from 2008 of undiscovered, 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.¹ 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 2014,² and production is expected to continue to increase dramatically.³

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, Hiland provides an additional safe and efficient mechanism to transfer crude oil to existing and new outlets. Without this pipeline capacity, increased movement of crude oil will occur by tanker truck over public roadways, a public safety issue that the Project addresses. Thus, the Project will provide the additional needed capacity to transport crude oil production safely and economically from the Bakken and Three Forks formations to facilities with access to major markets.

The ever-increasing crude oil production in western North Dakota, as evidenced by the North Dakota Industrial Commission's latest drilling and production statistics,⁴ indicates that the regional transportation service provided by the Hiland pipeline will continue to be needed during the next ten years and beyond.

¹ 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/>

² 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>

³ 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>

⁴ 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 HILAND CRUDE, LLC

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:

North Dakota Public Service Commission
600 E. Boulevard, Dept. 408
Bismarck, ND 58505-0480

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

Linda Svihovec
McKenzie County Auditor
201 5th Street NW, Suite 543
Watford City, ND 58854

Beth Innis
Williams County Auditor
P.O. Box 2047
Williston, ND 58802-2047

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



Jillian Rupnow

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Case No. PU-14-_____

IN THE MATTER OF THE FILING OF A TEN
YEAR PLAN BY HILAND CRUDE, LLC

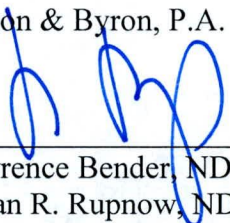
**NOTICE OF FILING TEN YEAR PLAN
2014-2024**

PLEASE TAKE NOTICE that Hiland Crude, LLC, 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 Bowman, Burke, Divide, McKenzie and Williams County, North Dakota Auditors, 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 Hiland Crude, LLC
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

McKenzie County Commission
201 5th St NW, Ste. 543
Watford City, ND 58854

Williams County Commission
205 E Broadway,
Williston, ND 5801



Jillian Rupnow

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