

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Paradigm Midstream Services – ND, LLC
Crude Oil Pipeline – McKenzie & Mountrail Counties
Public Convenience & Necessity

Case No. PU-14-620

ORDER

January 22, 2015

Preliminary Statement

On July 17, 2014, Paradigm Midstream Services – ND, LLC (Paradigm) filed an application for a Certificate of Public Convenience and Necessity (CPCN) under North Dakota Century Code chapter 49-03.1 for a 70-mile crude oil pipeline and other facilities to be used for the transport of crude oil from Johnson’s Corner in McKenzie County, North Dakota, to Stanley Station in Mountrail County, North Dakota (Pipeline). Paradigm requests the CPCN to construct, own, and operate the Pipeline, known as the “Sacagawea Pipeline”, as a common pipeline carrier to transport crude oil from locations south of the Missouri River to transfer points located north of the Missouri River.

On July 30, 2014, the Commission issued a Notice of Opportunity for Hearing, which identified the following issues to be considered in this matter:

1. Whether public convenience and necessity will be served by the construction and operation of the crude oil pipeline and other facilities.
2. Whether the applicant is fit, willing, and able to provide service.

Those interested were invited to comment on the application in writing and file written requests for hearing by September 12, 2014. No comments or requests for hearing were filed.

On October 22, 2014, an informal hearing was held on the matter.

On December 9, 2014, Paradigm filed a letter responding to matters that were discussed in the informal hearing.

Discussion

The Pipeline will consist of 34 miles of 20-inch diameter steel pipe between Johnson’s Corner and the Pioneer crude oil transloading facility at New Town (Pioneer facility), and 36 miles of 16-inch diameter pipe between the Pioneer facility and Enbridge’s Stanley Station (Stanley Station) at Stanley. The Pipeline will have one

receipt point at Johnson's Corner in McKenzie County and potential delivery points in Mountrail County at or near the following: the Pioneer facility; Stanley Station; and the Enbridge Sandpiper Pipeline near Stanley.

Paradigm is a foreign limited liability company with offices in Dallas, Texas, and has been authorized to transact business in the State of North Dakota since April 28, 2014.

Paradigm is a public utility as defined in North Dakota Century Code section 49-03.1-02(2).

Paradigm is a common pipeline carrier as defined in North Dakota Century Code section 49-19-01.

In issuing a certificate of public convenience and necessity, North Dakota Century Code chapter 49-03.1-05 provides that the Commission has the authority to do any of the following:

1. Issue the certificate.
2. Refuse to issue the certificate.
3. Issue the certificate for the construction or operation of only a portion of the contemplated facility, line, plant, or system.
4. Issue the certificate for the partial exercise of the right or privilege sought, conditioned upon the applicant's having secured or upon the applicant's securing the consent, franchise, permit, ordinance, or other authority of the proper municipality or other public authority, and may attach to the exercise of the rights granted by any certificate such terms and conditions as in its judgment the public convenience and necessity may require.

Paradigm indicates that the Pipeline serves a catchment area which is all land within approximately ten miles on either side of the Pipeline route (catchment area). Paradigm requests a CPCN for the catchment area as depicted in Exhibit A included with the December 9, 2014, letter from Paradigm, attached and made part of this order.

Paradigm indicates that there are no other pipelines that provide the service that is provided by the Pipeline, and that there is currently insufficient pipeline capacity to meet the current and anticipated future transportation needs of producers in the Bakken and Three Forks development area.

Paradigm indicates that in comparison to transporting oil by truck, the Pipeline provides a cost-effective means of transporting crude oil from oil and gas well sites in western North Dakota, and that the Pipeline has the potential to reduce the environmental impacts of transportation by truck by reducing the number of truckloads by an estimated 1,000 truckloads of oil per day.

Paradigm indicates that existing pipelines are at or nearing capacity, that excess capacity to be serviced by the Pipeline has been available for other utilities with no project development occurring, and that the Pipeline will therefore not have an effect on other public utilities providing a similar service.

Paradigm indicates that the capacity of the Pipeline is 230,000 barrels per day.

Paradigm indicates that the Pipeline is funded by private investors and financial commitment of the Pipeline is complete.

Paradigm indicates that its management team has experience in the design, construction, and operations of pipeline systems.

Paradigm recognizes that it will not be able to provide the proposed service without first securing federal approval to construct and operate the Pipeline (federal approval), as well as receipt of a certificate of corridor compatibility and a route permit from the Commission (siting approval). In its December 9, 2014, letter, Paradigm asked that the CPCN be valid for one year from the date of issuance to allow Paradigm sufficient time to initiate the siting application process with the Commission.

The Commission has jurisdiction over the subject matter of this application under North Dakota Century Code chapter 49-03.1.

The Commission finds that public convenience and necessity will be served by the construction and operation of the Pipeline because there is a need for the Pipeline, the Pipeline will not have an effect on other public utilities providing similar service, the proposed service will be adequate, and Paradigm has the technical, financial and managerial ability to provide the proposed service.

The Commission finds that Paradigm is fit, willing, and able to provide the proposed service.

Order

The Commission orders:

- 1 The application of Paradigm for a Certificate of Public Convenience and Necessity is GRANTED.
- 2 Certificate of Public Convenience and Necessity No. 5861 is issued to Paradigm to construct and operate a common carrier (crude oil) pipeline in McKenzie and Mountrail Counties, North Dakota.
- 3 Certificate of Public Convenience and Necessity No. 5861 is valid only for one year from the date of this order except as provided in Order paragraph number 4.

4 If within one year from the date of this order Paradigm has obtained all necessary permits and has filed applications for a certificate of corridor compatibility and a route permit, then Certificate of Public Convenience and Necessity No. 5861 will remain in force and effect.

PUBLIC SERVICE COMMISSION



Randy Christmann
Commissioner



Julie Fedorchak
Chairman



Brian P. Kalk
Commissioner

**PUBLIC SERVICE COMMISSION
STATE OF NORTH DAKOTA**

Certificate of Public Convenience and Necessity

Certificate Number 5861

This is to certify that public convenience and necessity require, and permission is granted for, Paradigm Midstream Services - ND, LLC to construct and operate a common carrier (crude oil) pipeline in McKenzie and Mountrail Counties, North Dakota.

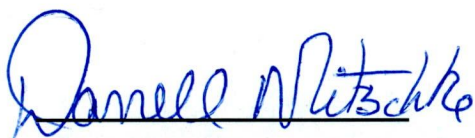
This certificate is issued in accordance with the Order of this Commission dated January 22, 2015 in Case No. PU-14-620, and is subject to the conditions and limitations noted in the Order.

This certificate is also conditioned upon Paradigm Midstream Services – ND, LLC securing the franchise or other authority for the proper municipal or other authority for the exercise of these rights and privileges.

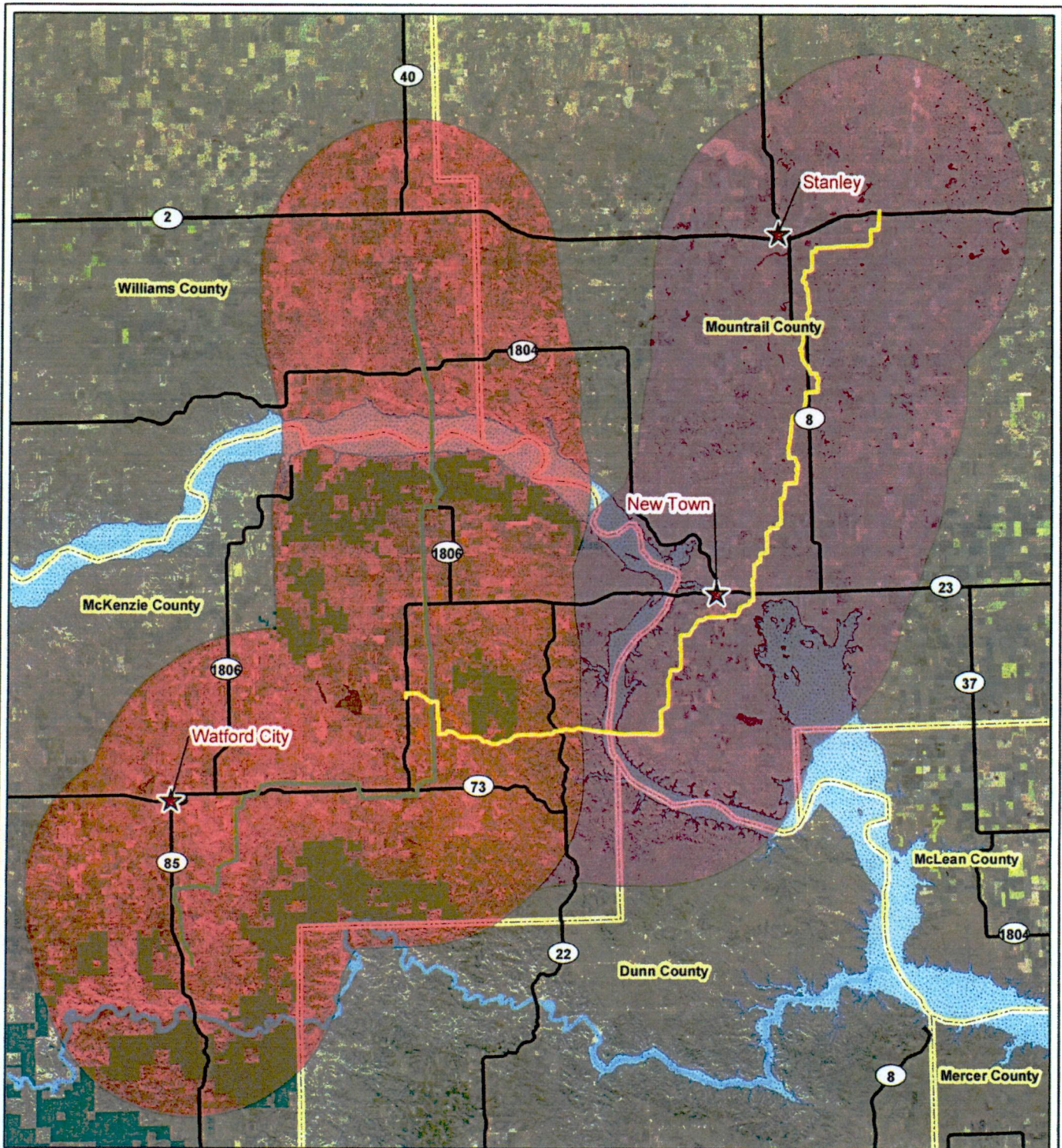
Bismarck, North Dakota, January 22, 2015.

ATTEST:

PUBLIC SERVICE COMMISSION


Executive Secretary


Commissioner



**Paradigm Midstream
PC & N**

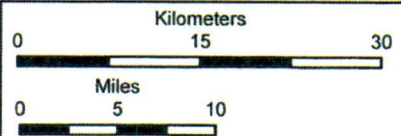
- ★ City
- Bakkenlink Pipeline
- Sacagawea Pipeline
- Little Missouri River
- State and Federal Roads
- 20-mile Bakkenlink Pipeline Service Area
- 20-mile Sacagawea Pipeline Service Area
- Lake Sakakawea
- Little Missouri National Grassland
- County Boundary



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Base Map: NAIP Aerial Imagery
Source: NDGIS HUB
McKenzie, Mountrail, and
Williams Counties,
North Dakota

NAD 1983 UTM Zone 13N



Exhibit A