

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NORTH DAKOTA

IN THE MATTER OF THE APPLICATION
OF CALIBER MIDSTREAM PARTNERS,
L.P, FOR A CERTIFICATE OF CORRIDOR
COMPATIBILITY AND ROUTE PERMIT
FOR THE OPERATION OF AN
APPROXIMATELY 4.4-MILE-LONG 6-
INCH CRUDE OIL PIPELINE AND
ASSOCIATED FACILITIES IN MCKENZIE
COUNTY, NORTH DAKOTA

CASE NO. PU-14-_____

**Application of Caliber Midstream Partners, L.P.,
for Waiver or Reduction of Procedures and Time Schedules**

In connection with its submission of a consolidated application for a Certificate of Corridor Compatibility and Route Permit (“Consolidated Application”) for a 6-inch natural gas liquids (NGL) pipeline project, approximately 4.4 miles in length, all of which will be located in McKenzie County, North Dakota (the “Project”), Caliber Midstream Partners, L.P. (“Caliber”), submits to the North Dakota Public Service Commission (“Commission”) this application for a waiver or reduction of procedures and time schedules set forth in Chapter 49-22 of the North Dakota Century Code (“Siting Act”) and Article 69-06 of the North Dakota Administrative Code (“Siting Rules”). In accordance with Section 49-22-07.2 of the North Dakota Century Code and Chapter 69-06-06 of the North Dakota Administrative Code, Caliber requests that the Commission waive the following requirements:

1. That the Commission hold a separate hearing on a waiver request, a Certificate of Corridor Compatibility (Corridor Certificate) application, and a Route Permit application, as may be required by Sections 49-22-07.2, 49-22-08, 49-22-08.1, and 49-22-13 of the North Dakota Century Code and Chapter 69-06-01-02 of the North Dakota Administrative Code. Caliber requests that the Commission hold a

single consolidated hearing on this waiver request and its Consolidated Application. Caliber also requests that the Commission shorten the three-month period specified in Section 49-22-08(5) of the North Dakota Century Code and Section 69-06-06-2(2) of the North Dakota Administrative Code, and the six-month period specified in Section 49-22-08.1(5) of the North Dakota Century Code.

2. That the Commission waive the requirements of Sections 49-22-08 and 49-22-08.1 of the North Dakota Century Code insofar as these sections may require the separate filing of applications for a Corridor Certificate and a Route Permit, and insofar as they require separate publication of notices and filing separate applications.

Consistent with the Commission's Energy and Transmission Facility Siting Guidelines ("Commission's Guidelines"), Caliber provides the following information in support of its waiver requests:

1. Description of Proposed Project.

1. **Type:** The Project required installation of an underground steel pipeline that will transport NGLs. The only surface structures associated with the Project are valves and pig launchers and receivers. These structures are located at the tie-in to Caliber's Hay Butte Plant and at the tie-in to the ONEOK pipeline, approximately 4.4 miles apart.

2. **Product:** The Project will transport NGLs.

3. **Size and Design:** The Project required installation of a 6-inch outside diameter steel pipeline. It has a nominal thickness of 0.250 inches in wall thickness. The maximum allowable operating pressure (MAOP) is 1,750 pounds per square inch gauge (psig). The maximum design flow rate is a nominal 2,100 bbl/d.

4. **Location:** The total length of the Project is approximately 4.4 miles, all of which is located in McKenzie County, North Dakota. The Project enables the transportation of NGL produced in northwestern North Dakota to markets via the ONEOK NGL transmission pipeline. The Project provides needed capacity to transport increased production of NGL from the Bakken and Three Forks formations. Maps of the proposed project are provided in the Consolidated Application, submitted herewith.

5. **Geographic Service Area:** As noted above, the Project will take NGL produced in northwestern North Dakota to markets via the ONEOK NGL transmission pipeline. The immediate area served by the Project will be western North Dakota; however, the NGL will ultimately be distributed throughout the United States.

6. **Time Schedule:** Caliber has a target in-service date for the Project of September 2014 pending Commission approval of the Project. Caliber proposes to develop the Project on the following schedule:

- August 2014 — Caliber files with the Commission a consolidated application for a Corridor Certificate and Route Permit.
- September 2014 — The Commission issues a Corridor Certificate and Route Permit for the Project.
- September 2014 — Caliber will begin operating the Project.

7. **Future Plans:** At this time, Caliber has no specific plans for additions to or modifications of the Project.

2. Need for the Project.

The development of hydrocarbon production in the Williston Basin has increased significantly in recent years due to advancements in deep horizontal directional drilling techniques and subsequent oil extraction in the Bakken and Three Forks shale formations. The total recoverable amount of Bakken and Three Forks oil reserves is subject to interpretation and

speculation. Studies conducted by the North Dakota Department of Mineral Resources (NDDMR)¹ and the U.S. Geological Survey² in 2008 and 2010 indicate that 4.0 to 6.3 billion barrels of recoverable reserves are available in North Dakota's Bakken and Three Forks formations. The most recent U.S. Geological Survey information estimated there may be 7.4 billion barrels of oil still undiscovered in the Bakken and Three Forks formations.³ 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 2014,⁴ and production is expected to continue to increase dramatically.⁵ Further, natural gas production was nearly 260 million in 2012.⁶ Production is expected to continue to increase dramatically.⁷

The major constraint in transporting oil and gas from North Dakota to refining centers is the lack of pipeline capacity. Several major projects have been planned to address the growing

¹ Bohrer, M., Fried, S., Helms, L., Hicks, B., Juenker, B., McCusker, D., Anderson, F., LeFever, J., Murphy, E., and Nordeng, S., North Dakota Department of Mineral Resources. State of North Dakota Bakken Resource Study Project 23 (2008).

² United States Geological Survey. Assessment of Undiscovered Oil Resources in the Devonian-Mississippian Bakken Shale Formation, Williston Basin Province, Montana and North Dakota (2008). Web access in May 2013 at: <http://geology.com/usgs/bakken-formation-oil.shtml>

³ United States Geological Survey. Assessment of Undiscovered Oil Resources in the Bakken and Three Forks Formations, Williston Basin Province, Montana, North Dakota, and South Dakota, 2013. Web access in May 2013 at: <http://pubs.usgs.gov/fs/2013/3013/>.

⁴ 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>

⁵ 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>

⁶ 2012 North Dakota Gas Production by Formation. Web access in June 2014 at: <https://www.dmr.nd.gov/oilgas/stats/2012gasprod.pdf>.

⁷ North Dakota Department of Mineral Resources. Activities and Projections. Web access in May 2013 at: <https://www.dmr.nd.gov/oilgas/presentations/ActivityandProjectionsWilliston2010-08-03.pdf>

volumes, 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, construction of the Project will provide Caliber with a safe and efficient mechanism to transfer NGL. The Project will provide the needed capacity to transport NGL production safely and economically from the Bakken and Three Forks formations to facilities with access to major markets.

For additional analysis of the need for the Project, including a discussion of alternatives evaluated, please see Section 3.2 of Caliber's Certificate of Corridor Compatibility Application, which accompanies this waiver application.

3. Cost.

Caliber estimates that it will cost approximately \$2.8 million to develop the Project.

4. Waiver Request.

Caliber requests that the Commission grant the waivers requested herein because said waivers are needed to prevent potentially significant delays to the Project. As noted above, the Project is needed to provide a safe and economical means of transporting NGL produced in northwestern North Dakota to markets via the ONEOK NGL transmission pipeline. The Project provides needed capacity to transport increased production of NGL from the Bakken and Three Forks formations. Without the waivers of time schedules and procedures requested, operation of the Project will be delayed and the Project will not be able to satisfy the immediate need for a safer, more efficient means of transporting NGL to facilities that have access to major markets.

Section 49.22-07.2 of the North Dakota Century Code provides that the Commission may waive procedures and time schedules upon a finding that "the proposed facility is of such length, design, location, or purpose that it will produce minimal adverse effects." Based upon the

investigation and analysis set forth in Caliber's Consolidated Application, granting the waivers requested is appropriate because the facility will produce minimal adverse effects due to its length (only approximately 4.4 miles), its design (an underground, small-diameter pipeline with few above-ground appurtenances), its location (crossing pasture and farmland in rural McKenzie County and avoiding Exclusion and Avoidance Areas), and its purpose (underground transportation of NGL).

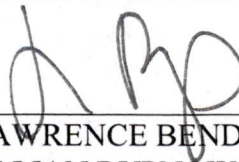
In determining whether the proposed facility will result in adverse impacts on the environment, Caliber evaluated the Project using the criteria set forth in the Siting Act, the Siting Rules, and the Commission's Guidelines. More specifically, Caliber evaluated the impacts of the Project considering the siting criteria set forth in Section 69-06-08-02 of the North Dakota Administrative Code and the factors set forth in Section 49-22-09 and 49-22-05.1 of the North Dakota Century Code. Impacts associated with the Project, and mitigation measures that will be taken with respect to said impacts, are summarized in Sections 2.2 through 2.5 of the Route Permit Application. Based upon Caliber's siting criteria evaluation, and the factors set forth in the Guidelines, the Project will have minimal adverse effects.

Accordingly, Caliber respectfully requests that the Commission grant the requested waivers and render an expeditious decision.

Dated this 15th day of August, 2014.

FREDRIKSON & BYRON, P.A.

By



LAWRENCE BENDER, ND Bar #03908
JILLIAN RUPNOW, ND Bar #06937
*Attorneys for Caliber Midstream Partners,
L.P.*

1133 College Drive, Suite 1000
Bismarck, ND 58501
(701) 221-8700

STATE OF NORTH DAKOTA)
) ss.
COUNTY OF BURLEIGH)

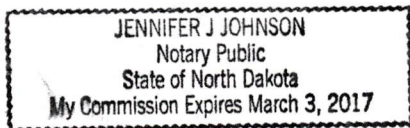
JILLIAN RUPNOW, of lawful age, being first duly sworn, on oath deposes and says:

That She is one of the attorneys for Applicant in the foregoing application; that She executed the foregoing application for and on behalf of said Applicant and as its said attorney that She has read said application and knows the contents thereof, and that the statements made and contained therein are, to the best of his knowledge and belief, true and correct.



JILLIAN RUPNOW

Subscribed and sworn to before me this 15th day of August, 2014.





Notary Public
My Commission Expires:

50993937_1.docx