

October 13, 2014

HAND DELIVERED

Mr. Darrell Nitschke
Executive Secretary
North Dakota Public Service Commission
600 East Boulevard Avenue
Dept. 408
Bismarck, ND 58505-4080

**RE: TESORO HIGH PLAINS PIPELINE
COMPANY, LLC
Case Number PU-14-730**

Dear Mr. Nitschke:

Enclosed for filing, please find an original and ten (10) copies of the following:

1. Amended Application for Waiver of Procedures and Time Schedules; and
2. Amended Consolidated Application for a Certificate of Corridor Compatibility & Route Permit.

Also enclosed is a CD containing the above-referenced documents in PDF format.

Please note that all exhibits as attached to the original Consolidated Application for a Certificate of Corridor Compatibility & Route Permit remain the same. Accordingly, only an Amended Application has been filed. The original Exhibits are intended to be considered as part of the Amended Application.

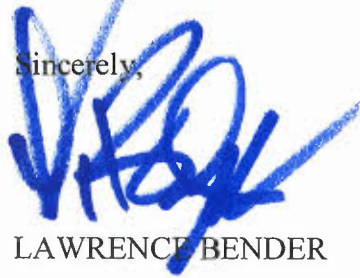
Please also note that included in the Amended Application for Waiver of Procedures and Time Schedules is a request to waive the hearing requirement in its **entirety**. Tesoro desires for the Commission to issue an order on the request for a Certificate of Corridor Compatibility and Route Permit by virtue of its notice and opportunity for hearing procedure.

If you have any questions, please advise.

Attorneys & Advisors / Fredrikson & Byron, P.A.
main 701.221.8700 / 1133 College Drive, Suite 1000
fax 701.221.8750 / Bismarck, North Dakota
www.fredlaw.com / 58501-1215

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Sincerely,

A handwritten signature in blue ink, appearing to read 'LB', is positioned above the printed name 'LAWRENCE BENDER'. The signature is stylized and somewhat abstract.

LAWRENCE BENDER

LB/dmk
Enclosures

cc: James Sanford (*via e-mail*)

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NORTH DAKOTA

IN THE MATTER OF THE APPLICATION
OF TESORO HIGH PLAINS PIPELINE
COMPANY, LLC FOR A CERTIFICATE OF
CORRIDOR COMPATIBILITY AND
ROUTE PERMIT FOR THE
CONSTRUCTION OF PIPELINE
ASSOCIATED FACILITIES IN WILLIAMS
COUNTY, NORTH DAKOTA

CASE NO. PU-14-730

**Amended Application of Tesoro High Plains Pipeline Company, LLC
for Waiver or Reduction of Procedures and Time Schedules**

In connection with its submission of an amended consolidated application for a Certificate of Corridor Compatibility and Route Permit (“Consolidated Application”) for the expansion of the Bakken Area Storage Hub (“BASH”), located in Williams County, North Dakota (the “Project”), Tesoro High Plains Pipeline, LLC (“TESORO”), submits to the North Dakota Public Service Commission (“Commission”) this amended 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, TESORO requests that the Commission waive the following requirements:

1. 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.

2. 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.
3. TESORO also requests that the Commission shorten the three-month period specified in Section 49-22-08(5) of the North Dakota Century Code, and the six-month period specified in Section 49-22-08.1(5) of the North Dakota Century Code.
4. TESORO requests the Commission waive in its entirety the hearing requirement for this Application for Waiver or Reduction of Procedures and Time Schedules. Further, TESORO requests that the Commission waive any requirements for a hearing in the request for an order on the Amended Consolidated Application for a Certificate of Corridor Compatibility and Route Permit and instead proceed by virtue of the Commission's notice and opportunity for hearing procedure.

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

A. Description of Proposed Project.

1. **Type:** TESORO owns and operates a 233-mile existing underground petroleum gathering and mainland pipeline system that extends from eastern Montana through North Dakota to Mandan, North Dakota. The pipeline system also extends northward to the United States/Canadian International Border, where it ties into a pipeline system near Lignite, North Dakota, in Burke County. The Project would be an upgrade to the BASH, previously known as

the New Ramberg Station, located in Williams County, North Dakota. The Project will include installing additional tank storage and associated piping and infrastructure. The changes include adding additional above ground storage tanks to incrementally increase the storage capability by approximately 620,000 barrels. The Project will enable TESORO to better utilize its existing pipeline system, increase the storage capacities of its system, and provide increased flexibility in transporting Bakken production to TESORO's Mandan Refinery and other destinations, to be determined at a later time, for various Bakken Oil producers.

2. **Product:** The Project will store crude oil.

3. **Size and Design:** The current BASH facilities were authorized pursuant to North Dakota siting exclusion certification PU-13-224 for the installation of three 120,000 barrel (net) storage tanks, multiple pumps, and interconnecting piping to TESORO's existing pipeline system. TESORO proposes to expand the existing BASH facility located on approximately 42.47 acres in the NW1/4 SE1/4 of Section 32, Township 156 North, Range 95 West, Williams County, North Dakota, to incorporate the entire property parcel currently owned in fee. TESORO proposes to incrementally increase storage capacity by adding additional above ground storage tanks. The expansion will increase the total storage capacity to approximately 980,000 barrels over the next several years based on commercial market demand by Bakken area shippers. TESORO proposes to install one 300,000 barrel and one 160,000 barrel tank in the southeast corner of the property. Additionally, the appropriate containment dike, additional piping manifolds, and pumps will be installed as required in order to meet the commercial needs of Bakken Area shippers. Once complete, the BASH facility is expected to provide approximately 980,000 barrels of storage capacity and the ability to handle over 100,000 BPD of crude oil.

4. **Location:** The Project will occur entirely within land owned by TESORO consisting of approximately 40 acres located in the NW1/4 SE1/4 of Section 32, Township 156 North, Range 95 West, Williams County, North Dakota. No additional land acquisition is required for the Project. Maps of the proposed project are provided as exhibits to the original Consolidated Application previously submitted to the Commission.

5. **Geographic Service Area:** As noted above, the Project will be located in Williams County, North Dakota. The immediate area served by the Project will be western North Dakota. However, the Project will allow TESORO to better utilize its existing pipeline system and provide increased flexibility in transporting Bakken production to TESORO's Mandan Refinery and other locations to be determined at a later date.

6. **Time Schedule:** TESORO has a target in-service date for the Project of November 2015. TESORO proposes to develop the Project on the following schedule:

- October 2014 – TESORO files with the Commission an amended consolidated application for a Corridor Certificate and Route Permit.
- November/December 2014 – The Commission issues a Corridor Certificate and Route Permit for the Project.
- Construction of the Project is anticipated to commence in 2015, subject to receipt of all appropriate approvals.
- December 2015 – TESORO will complete construction of the Project.

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

B. 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.

As demand for the crude oil production from the Williston Basin of North Dakota continues to increase, so does the demand for additional storage and pipeline capacity for crude

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*, available at http://pubs.usgs.gov/fs/2008/3021/pdf/FS08-3021_508.pdf.

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*, available at <http://pubs.usgs.gov/fs/2013/3013/>.

⁴ North Dakota Department of Mineral Resources, *North Dakota Monthly Oil Production Statistics*, available at <https://www.dmr.nd.gov/oilgas/stats/historicaloilprodstats.pdf>.

⁵ North Dakota Department of Mineral Resources, *Development of the Bakken Resource*, available at <https://www.dmr.nd.gov/oilgas/presentations/ActivityUpdate2014-06-11NCSLBismarck.pdf>.

⁶ 2012 North Dakota Gas Production by Formation, available at <https://www.dmr.nd.gov/oilgas/stats/2012gasprod.pdf>.

oil transportation on the TESORO system. The basis for the Project is the continued and forecasted increase in drilling activities and produced crude volumes, coupled with the opportunity to provide an outlet to refineries and marketing hubs for this production. With the constraints to the existing transportation and storage infrastructure in the Project area, construction of the Project will provide TESORO with increased storage facilities and efficient mechanisms to transfer crude oil. Additionally, transporting crude oil in western North Dakota currently involves significant movement of crude oil by tanker truck over public roadways, a public safety issue that the Project will prevent by increasing storage and pipeline capacity on TESORO's existing pipeline system.

For additional analysis of the need for the Project, including a discussion of alternatives evaluated, please see Section 7 of TESORO's Consolidated Amended Application, which accompanies this waiver application.

C. Cost.

TESORO estimates that it will cost approximately \$31.5 million to develop the Project.

D. Waiver Request.

TESORO 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 storing crude oil and allowing TESORO to better utilize its existing pipeline system and providing increased flexibility in transporting crude oil to TESORO's Mandan Refinery and elsewhere. Utilizing the Project will continue to eliminate the need to transport the crude oil to rail facilities or other pipeline facilities via truck, which, in turn, will reduce truck traffic on North Dakota roads and highways. Without the waivers of time schedules and procedures requested, operation of the Project will be delayed

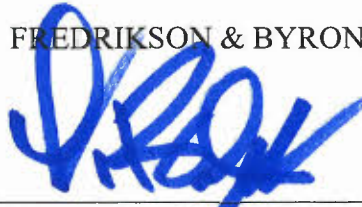
and the Project will not be able to satisfy the immediate need for a safer, more efficient means of storing and transporting crude oil to facilities that have access to major markets.

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 TESORO’s Amended Consolidated Application, granting the waivers requested is appropriate because the proposed facility will produce minimal adverse effects due to its design (additional tank storage added to an existing facility and pipeline), its location (on land already owned by TESORO), and its purpose (storage of crude oil).

In determining whether the proposed facility will result in adverse impacts on the environment, TESORO evaluated the Project using the criteria set forth in the Siting Act, the Siting Rules, and the Commission’s Guidelines. More specifically, TESORO 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 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 6 and 9 of the Amended Consolidated Application. Based upon TESORO’s siting criteria evaluation, and the factors set forth in the Guidelines, the Project will have minimal adverse effects. Accordingly, TESORO respectfully requests that the Commission grant the requested waivers and render an expeditious decision.

Dated this 13th day of October, 2014.

FREDRIKSON & BYRON, P.A.



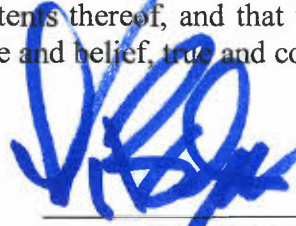
By

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

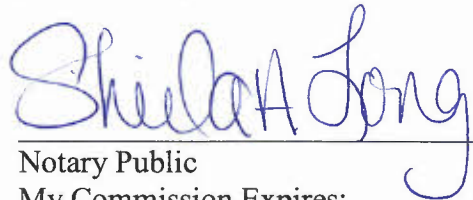
LAWRENCE BENDER, of lawful age, being first duly sworn, on oath deposes and says:

That he is one of the attorneys for Applicant in the foregoing application; that he executed the foregoing application for and on behalf of said Applicant and as its said attorney that he 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.



LAWRENCE BENDER

Subscribed and sworn to before me this 13th day of October, 2014.



Notary Public
My Commission Expires:

SHEILA A. LONG
Notary Public
State of North Dakota
My Commission Expires April 3, 2018



TESORO

TESORO HIGH PLAINS PIPELINE

**NORTH DAKOTA PUBLIC SERVICE COMMISSION
DOCKET NO. PU-14-730**

Corridor Certificate/Route Permit

BAKKEN AREA STORAGE HUB

AMENDED APPLICATION

Prepared By:

Wood Group Mustang, Inc.



**WOOD GROUP
MUSTANG**

October 2014



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Exhibits:

Exhibit A Maps

- Exhibit A-1 Tesoro High Plains Pipeline System Map**
- Exhibit A-2 Bakken Area Storage Hub (BASH) Facility Map**
- Exhibit A-3 Bakken Area Storage Hub (BASH) Survey Area location Map**
- Exhibit A-4 Bakken Area Storage Hub (BASH) Facility location maps
Topographic and Aerial**

Exhibit B Environmental Report

Exhibit C Cultural/Archeological Evaluation Report

Exhibit D Agency's Correspondence

- Exhibit D-1 U.S. Fish and Wildlife Service (FWS)**
- Exhibit D-2 U.S. North Dakota Game and Fish Department (ND-GFD)**



- Exhibit D-3 U.S. North Dakota Parks and Recreation (ND-PRD)
Exhibit D-4 North Dakota State Historic Preservation Office (ND-SHPO)
Exhibit D-5 North Dakota Department of Health (NDDH)
Exhibit E ND-PSC Certificate of Site Compatibility for portion of BASH project which
lies within 350 ft. from the centerline of the existing THPP pipeline
Exhibit F Tesoro's 10-Year Plan

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SECTION A

DESCRIPTION OF PROPOSED FACILITY

1. Describe Type of Facility Addressed In This Application

1.1. Type of Facility

Tesoro High Plains Pipeline (“TESORO”) owns and operates a 233- mile existing underground petroleum gathering and mainline pipeline system that extends from eastern Montana through North Dakota to Mandan, ND and also extends northward to the US-Canadian International Border where it ties into a pipeline system near the town of Lignite in Burke County, North Dakota. (See Exhibit A-1, Tesoro System Overview Map).

In this application, TESORO is proposing to upgrade its Bakken Area Storage Hub (BASH), previously known as New Ramberg Station, which is located in Williams County, North Dakota. The upgrade, referred to as the Bakken Area Storage Hub Project (“Project”), includes installing additional tank storage and associated piping and infrastructure, as more fully described in Section A-2 of this Application. The changes include adding additional above ground storage tanks to incrementally increase the storage capability by approximately 410,000 barrels. The Project will enable TESORO to better utilize its existing pipeline system, increase the storage capacities of its system, and provide increased flexibility in transporting Bakken production to TESORO’s Mandan Refinery and other yet to be determined destinations for various Bakken Oil producers. All construction and work activities will be performed within the existing property boundaries of TESORO’s BASH site (see Exhibit A-2, BASH Facility Map), which TESORO owns in fee.

1.2. Product

Product is Bakken Area Crude Oil.

2. Size and Design

2.1. Gross Design Capacity

The current BASH facilities were authorized pursuant to North Dakota siting exclusion certification PU-13-224 for the installation of three (3) 120,000 barrel (net) storage tanks, multiple pumps and interconnecting piping to TESORO’s existing pipeline system (See Exhibit A-2 for BASH Facility Map).

TESORO proposed to expand the existing BASH facility located on approximately 40 acres in the NW¼ SE¼ of Section 32, Township 156 North, Range 95 West, Williams County, North Dakota to incorporate the entire property parcel currently owned in fee.

TESORO proposed to incrementally increase storage capacity by adding additional above ground storage tanks. It is proposed to increase capacity incrementally to increase the total storage capacity to approximately 930,000 barrels over the next



several years based on commercial market demand by Bakken area shippers.

2.2. Net Design Capacity

TESORO proposed to install one (1) 250,000 barrel and one (1) 160,000 barrel tank as shown on Exhibit A-2 (southeast corner of property). Additionally, the appropriate containment dike, additional piping manifolds and pumps will be installed as required in order to meet the commercial needs of Bakken Area shippers.

Once completed, the BASH facility is expected to provide approximately 930,000 barrels of storage capacity and the ability to handle over 100,000 BPD of crude oil.

2.3. Estimated Thermal Efficiency of the Energy Conversion Process and the Assumptions upon Which the Estimate is based

This not applicable to the process.

2.4. The number of acres that the proposed facility will occupy

TESORO has acquired approximately 40 acres as shown on Exhibit A-2.

2.5. One (1) copy of all design data reports separate from the application.

Project Facility Map is shown in Exhibit A-2

3. Time Schedule

3.1. Certificate of Site Compatibility

The Certificate of Site Compatibility is being submitted in August 2014. Approval expected on or before November 2014.

3.2. Land Acquisition

This Project will occur entirely within land owned by TESORO existing of approximately 40 acres located in the NW¼ SE¼ of Section 32, Township 156 North, Range 95 West, Williams County, North Dakota. No additional land acquisition is required for this Project.

3.3. Construction Start Date

TESORO proposes to commence construction in 2015, subject to receipt of all appropriate approvals.

3.4. Construction Complete

Estimated construction completion date is December 31, 2015.

3.5. In-Service Date

Estimated in-service date is November 1, 2015

3.5.1. Any Expansions or Additions

The Project is an expansion to the existing BASH facility.



SECTION B

STUDIES

4. Study Area

TESORO defined its survey area as approximately 40-acre parcel in NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 32, Township 156 North, Range 95 West, Williams County, North Dakota. The environmental analysis was conducted for the entire survey area (see Exhibit B). A field assessment was completed on April 25, 2013. The study area included the proposed property boundary and a surrounding one mile buffer in all directions.

5. Site

TESORO owns an approximately 40-acre plot in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 32, Township 156 North, Range 95 West, Williams County, North Dakota. The proposed project area has an existing Tesoro High Plain Pipeline (THPP) crossing through the site. This existing crude oil pipeline is a part of the THPP System, which has been in service since the 1950s. As such, the existing THPP pre-dates North Dakota's Siting Act and thereby proposed project qualifies for construction within the 350 ft. limit from the center line of the existing pipeline through the Certification Process, N.D.C.C. 49-22-03(3)(a) (2009). Therefore, the portion of the BASH project which lies within 350 ft. from the centerline of the existing THPP pipeline, were approved by the certification process, N.D.C.C. 49-22-03(3) (a) (2009). This certificate (PU-13-224) is attached in Exhibit E. This application includes the portion of the project that is outside 350-ft. from the centerline of the existing THPP pipeline at west side of the proposed project site. Please see Exhibit A-2 BASH facility Map.

On Behalf of TESORO, 3rd Party sub consultants initiated consultations with the federal and state agencies identified below for the purpose of environmental resource assessment relative to the potential impacts associated with the siting and construction of the proposed project at this location. Please refer to Exhibit D for copies of these consultations.

- U.S. Fish and Wildlife Service (FWS);
- North Dakota Game and Fish Department (GFD);
- North Dakota Parks and Recreation Department (PRD);
- North Dakota State Historic Preservation Office (SHPO); and
- North Dakota Department of Health (NDDH).

Consultations and field studies are summarized as follows:

6. Environmental Analysis:

On Behalf of TESORO, KC Harvey Environmental LLC (KC Harvey) prepared the environmental report of the proposed BASH project. The copy of the report is available in Exhibit B. The BASH project was known as New Ramberg Station when KC Harvey prepared this report; therefore the proposed BASH project is referred to as New



Ramberg Station in the environmental report. The environmental report also incorrectly states the location and legal description of the BASH project. Any legal description in the report should properly be interpreted as the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 32, Township 156 North, Range 95 West, Williams County, North Dakota, in accordance with the rest of the application.

6.1. Biological Resources:

6.1.1. Wetland Assessment:

On behalf of TESORO, in May 2013, KC Harvey Environmental LLC (KC Harvey) of Bozeman, MT, completed a wetland delineation of the survey area. During the site assessment, no wetlands were observed within the property boundaries. United States Army Corps of Engineer's wetland delineation data sheets are provided with the Environmental Report in Exhibit B. Two ephemeral drainage streams were observed on eastern and northwest corner of the site. Despite the lack of wetland, this ephemeral drainage stream impact will be avoided during construction.

6.1.2. Threatened and Endangered Species:

On behalf of TESORO, KC Harvey conducted a habitat assessment and raptor nest survey of the surveyed area in April 2013. Assessments for federally listed threatened, endangered and candidate species were conducted by evaluating historic and present occurrences, and by determining if potential habitats exist within the survey area. Determinations were made concerning direct and cumulative effects of the proposed activity on each species and their habitat. Currently, five federally listed species have been documented in Williams County, including:

1. Gray Wolf (*Canis lupus*) - federally endangered;
2. Interior Least Tern (*Sterna antillarum*) - federally endangered;
3. Pallid Sturgeon (*Scaphirhynchus albus*) - federally endangered;
4. Piping Plover (*Charadrius melodus*) - federally threatened with designated critical habitat; and
5. Whooping Crane (*Grus americana*) - federally endangered.

A synopsis of the determinations for each of these species is included below. Suitable habitat for the interior least tern and pallid sturgeon is generally limited to the Missouri River system, which is outside the project area. As such, there will be no effect on these species.

1. Gray Wolf (*Canis lupus*)

Gray wolves were not observed during the habitat assessment and there is no potential habitat located in the survey area. The proposed Project will have no effect on this species at this time.

2. Piping Plover (*Charadrius melodus*)

No individuals were sighted during the field habitat assessment, and there was no suitable habitat identified within the survey area.



3. Whooping Crane (*Grus americana*)

Whooping cranes may fly over, temporarily feed, or loaf in the area during spring and fall migration. Whooping cranes were not observed during the field survey; however, there is suitable habitat located within the survey area. The whooping cranes preferred habitat includes large marshy wetlands where whooping cranes are likely to roost, and croplands where cranes may feed. Cropland is present in the vicinity of the project. If individuals migrate through the Project area during construction, they will likely avoid the Project area and utilize adjacent croplands or wetland complexes.

As part of pre-construction activities, if a whooping crane is sighted within one-mile of construction activities, TESORO will suspend construction at that location and contact the FWS immediately. For these reasons, the proposed Project is not likely to adversely affect this species.

6.1.3. Raptors and Migratory Birds:

The Project may affect raptor and migratory bird species through direct mortality, habitat degradation, and/or displacement of individual birds. These impacts are regulated in part through the Migratory Bird Treaty Act (916 USC 703-711) and the Bald and Golden Eagle Protection Act (BGEPA). A Raptor survey was conducted by KC Harvey on site and within 2 (two) miles of the project boundary on April 23, 2013. No raptors or raptor nests were observed during the survey.

As part of the wetland delineations, KC Harvey also conducted a habitat assessment of the survey area. The assessments did not reveal threatened and endangered species or critical habitat areas of concern. A ground survey for tree and ground raptor nests was also conducted during the on-site evaluations, and no raptor nests were observed.

6.1.4. Soils:

On Behalf of TESORO, KC Harvey reviewed the United States Department of Agriculture Natural Resources Conservation Service (USDA NRCS) Soil Survey Geographic Database (SSURGO) soil data from Williams County (USDA NRCS 2012). No Prime Farmland was found within the proposed project area; however the majority of the proposed property contains Farmland of Statewide Importance (Figure 3). Soils within and surrounding the project, are described as partially hydric with no probable flood occurrence.

6.1.5. Vegetation:

The vegetation on the site consists primarily of annual wheat crop. The grassland in the northern part of the property is a mix of non-native pasture grasses (smooth brome [*Bromus inermis*] and bluegrass [*Poa spp*]) with native prairie forbs. Native shrub species including chokecherry (*Prunus virginiana*) and snowberry (*Symphoricarpos occidentalis*) are common in the drainages and slopes of the property. No trees are present. Canada thistle (*Cirsium arvense*), a noxious weed species, is present at low coverage along the drainages.

6.1.6. Land Cover and Land Uses:

Land cover from the National Land Cover Database (NLCD) from the Multi-Resolution Land Characteristics Consortium (MRCL) was evaluated in the project area (Homer, et



al. 2007). According to the NLCD database, the proposed project area consists mainly of cultivated crops with grasslands on the north quarter and a small patch of shrubs on the west side.

The land cover was ground-truthed during the site assessment. The land cover assessment of the site and surrounding area (two-mile radius) was conducted by walking the site and delineating the vegetation community boundaries and plant species within each community (Figure 4). The property consists primarily of agricultural cropland for wheat production. The northern portion of the property is mixed native and non-native grasses. There are drainages on the northeast and west portions of the property that contain shrubs. Wildlife sign was abundant indicating wildlife (e.g., deer, coyote, and upland birds) regularly use the site, particularly along the drainages and shrubs.

Adjacent land uses within two miles of the property include agricultural pasture and cropland, and industrial use.

In March 2013, letters were submitted to the U.S. Fish and Wildlife Service (FWS), North Dakota Game and Fish Department (ND-GFD) and North Dakota Parks and Recreation Department (ND-PRD) requesting review of the surveyed area and a one-half mile study area associated with the Project for concerns related to unique or rare wildlife species and their habitats. A summary of these consultations is provided below.

6.2. Cultural Resources:

On behalf of TESORO, Ethnoscience, Inc. (Ethnoscience) of Billings, MT conducted a Class III Cultural Resource Inventory in May 2013 on the survey area. No cultural resources were identified during the survey. Ethnoscience recommended a finding of "No Historic Properties Affected" as a result of the Project. A report of the survey's methods, findings, and recommendations is included as Exhibit C. The BASH project was known as New Ramberg Station when Ethnoscience prepared this report; therefore the proposed BASH project is referred as New Ramberg Station in cultural resources reports.

6.3. Agency Consultation:

6.3.1. U.S. Fish and Wildlife Service (USFWS):

The USFWS was contacted by KC Harvey on March, 2013 via letter and email. The correspondence sought data and comments related to the Endangered Species Act (ESA), the migratory Bird Treaty Act (KBTA), the Bald and Golden Eagle Protection Act (BGEPA), and other resources of concerned existing in or near project area. The reply letter stamped April 26, 2013 states that the project as described will have no significant impact on the fish and wildlife resources. Furthermore, no endangered or threatened species are known to occupy the project area. A copy of the correspondence with the USFWS is included in Exhibit D-1.

6.3.2. North Dakota Game and Fish Department (ND-GFD):

On Behalf of TESORO, KC Harvey contacted ND-GFD. The ND-GFD March 27, 2013 letter requested data and comments on Conservation Priority Species,



Easements, and other resources of concern existing in or near the project area. ND-GFD responded via phone and email, stating the Agency “does not believe they (the Proposed Project) will have any significant adverse effects on wildlife or wildlife habitat based on the information provided.”

A copy of the correspondence with the ND-PRD is included herein as Exhibit D-2.

6.3.3. North Dakota Parks and Recreation (ND-PRD):

On Behalf of TESORO, KC Harvey contacted ND-PRD on March 28, 2013 via letter and email. The correspondence requested data and comments on ND-PRD Natural Heritage Inventory occurrence, Natural Areas Registry resources, nature reserves, or other Department interests in or near the project area. The ND-PRD responded with letter dated May 1, 2013, no documented occurrence of the plant or animal species of concern or other significant ecological communities within or adjacent to project area. The ND-PRD recommend that the project be accomplished within minimal and that all efforts be made to ensure that critical habitat not be disturbed in the project area to help secure rare species conservation in North Dakota. ND-PRD also recommended that any impacted areas be re-vegetated with species native to the project area.

A copy of the correspondence with the ND-PRD is included herein as Exhibit D-3.

6.3.4. North Dakota State Historic Preservation Office (ND-SHPO)

On behalf of TESORO, Ethnoscience requested North Dakota State Historic Preservation Office (ND-SHPO) concurrence with the findings of the archaeological survey and Project clearance for the 40-acre parcel for BASH project. The ND-SHPO responded with Project concurrence on May 20, 2013, stating that ND-SHPO concurred with the “No Significant Sites Affected” determinations for the project, provided it remains as described and mapped in the Class III inventory.

A copy of the correspondence with the ND-PRD is included herein as Exhibit D-4.

6.3.5. Other Agency Consultations

In April 2013, on behalf of TESORO, KC Harvey consulted with the North Dakota Department of Health (NDDH) to determine the presence of protected water resources. Wellhead protection areas or any public water supply resources present within or near the project location. NDDH responded with a letter dated April 10, 2013. The letter stated the “proposed site is not located over a named groundwater aquifer or within a well head protection area.” The NDDH stated that the proposed project operations would not likely impact drinking water sources. The NDDH requires a National Pollution Discharge Elimination System (NPDES) General Permit for Stormwater Discharge related to Construction Activities for any disturbance over one acre.

A copy of the correspondence with the ND-PRD is included herein as Exhibit D-5.



SECTION C

NEED FOR FACILITY

7. An Analysis Of The Need For The Proposed Facility Based On Present And Projected Demand For The Product Transmitted By The Facility, Including The Most Recent System Studies Supporting The Analysis Of The Need

7.1. Planned Use and Purpose

As demand for the crude oil production from the Williston Basin of North Dakota continues to increase, so does the demand for additional storage and pipeline capacity for crude oil transportation on the TESORO System. Basis for the BASH Upgrade Project is the continued and forecasted increase in drilling activities and produced crude volumes, coupled with the opportunity to provide an outlet to refineries and marketing hubs for this production.

BASH is strategically located near several existing crude outlets, including large rail export terminals located near Ramberg and Lignite, North Dakota.

TESORO is currently increasing its capability to increase the pipeline flow rate of its mainline system by approximately 100,000 BPD (PU-13-740) in order to meet the demand of the increasing drilling and production activity. This Project will allow TESORO to better utilize the capacity potential of the existing pipelines and provide transportation flexibility to new and existing shippers.

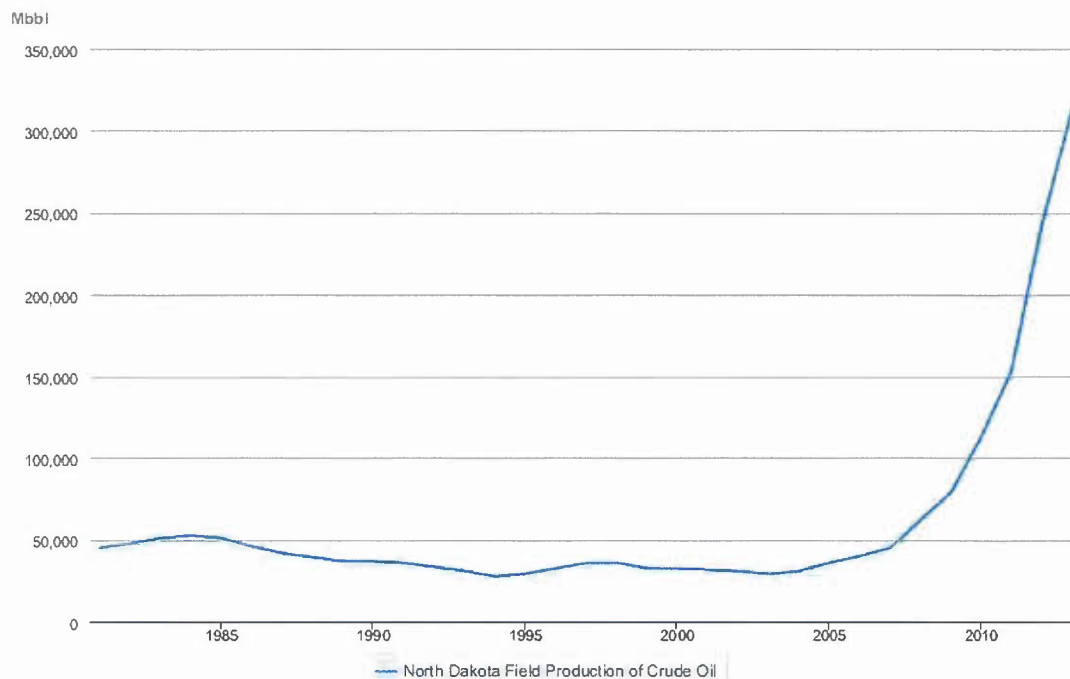
The primary producing areas that will support the Project are Williams, McKenzie and Dunn counties in northwestern North Dakota. The US Energy Information Administration indicates that crude oil production in North Dakota has more than doubled between 2011 and 2013.

Table1 Historical Oil Production – North Dakota

| Historical Oil Production - North Dakota | | |
|--|------------------------------------|------------------|
| Year | Total Crude Oil Production, Barrel | % Gain over 2008 |
| 2008 | 62.8 million | - |
| 2009 | 79.7 million | 26.9% |
| 2010 | 113.1 million | 80.1% |
| 2011 | 153.0 million | 143.6% |
| 2012 | 242.5 million | 286.1% |
| 2013 | 313.4 million | 499.0% |



Crude Oil Production



Source: U.S. Energy Information Administration

http://www.eia.gov/dnav/pet/pet_crd_crpdn_adc_mbbbl_a.htm

In June 2014, the production reached 1 million barrels a day.

The forecasts continue to indicate additional drilling and production for several years with significant upside potential and are considered more than sufficient to supply the additional capacities of this Project. Further project details are below.

- In-service date for the BASH Expansion Project is November, 2015.
- BASH Expansion Project operations will be operationally integrated with the existing TESORO System.
- Cost of the BASH Expansion Project is approximately \$31.5 million.
- Economic life of the BASH Expansion Project for this purpose is based on a 25-year depreciation cycle; but functional life of the proposed facilities is indefinite following normal maintenance and inspection practices of the federal regulated interstate pipeline system.
- TESORO's System operates year-round, round-the-clock, with the exception of planned system down-time for inspection, maintenance or repair purposes or unplanned down-time due to interruptions in receipts or refinery outages and/or operational disruptions caused by regional power outages or other reasons.



7.2. Future North Dakota System Expansion(s)

TESORO continually works closely with its shippers to develop long term plans that best serve the shippers' increasing oil storage and transportation requirements.

With the increasing drilling activity in the Williston Basin production area, TESORO continues to receive requests for additional capacity on its North Dakota system. TESORO is responding to those requests with a number of potential future projects that are (subject to approvals) designed to meet the shippers' needs and provide access to other pipeline systems, where shippers will have numerous refinery and marketing options via TESORO's mainline system or through other third-party pipelines.

7.3. Alternatives to the Proposed Facility

TESORO has performed a reasonable and defensible alternative analysis that involves consideration of environmental, engineering and economic factors in a multi-disciplinary and iterative fashion. This analysis resulted in the following alternatives to the Project.

7.3.1. No Action Alternative

In light of the overall increase in Williston Basin production, the shippers' requirements for increased storage and transportation capacity and the current apportionment that is being experienced on the TESORO System, a "no action" alternative is unacceptable to TESORO and its clients.

7.3.2. Truck Alternative

As an alternative to installing the equipment described above at BASH, trucks could be used to transport the additional volumes directly to various rail facility outlets. However, this alternative has multiple negative aspects, including:

- Does not fully utilize the maximum capacity of TESORO's existing pipeline system.
- Utilizing this option will significantly overburden current public road capacity, especially considering that trucks will require round-trip routing.
- Reliability of this alternative in northern climates is compromised by periodic restrictions in truck traffic due to winter storms and other uncertainties associated with travel by road.
- Public safety will be adversely affected by the increased truck traffic on local roads.
- Limits shipper access to markets within reasonable trucking distance of supply.
- Fails to provide storage and balancing required for effective dispatching volumes to account for periodic interruptions and delays.



7.3.3. Alternative TESORO Pipeline Route

Since TESORO does not propose to install a new transportation pipeline as part of the Tioga Station Upgrade Project, no alternative TESORO Pipeline route was considered.

7.4. A summary of the conclusions reached with respect to the alternatives and the reason for their rejection

The objective of the Project is to provide a cost effective and efficient method to:

- Increase pipeline flow rate to better utilize existing capacity potential
- Receive incremental supply volumes from a truck unloading facilities located along TESORO's pipeline;
- Help reduce the current reliance on long-haul truck deliveries; and
- Reduce the transportation costs borne by Williston Basin producers, allowing their savings to be immediately re-directed toward the development of the oil and gas resources in the State, resulting in additional economic benefits to North Dakota.

As proposed, this Project minimizes environmental and landowner impacts and, when integrated with the existing TESORO System, provides the safest, most efficient and cost effective alternative to link the growing demand for crude oil supplies with increased and reliable domestic supplies from North Dakota.

7.5. Statement Concerning Deviation from Most Recent 10-Year Plan

TESORO's currently filed 10-year plan with the ND-PSC is enclosed herein as Exhibit F. At the time of filing, TESORO did not anticipate the need for the proposed Project and is revising its 10-year plan accordingly.



SECTION D

LOCATION

8. Study/Survey Area

As described above in Section B, TESORO defined its survey area as an approximately 40-acre parcel in NW¼ SE¼ of Section 32, Township 156 North, Range 95 West in Williams County, North Dakota. A majority of the project has been built within 350’ from the centerline of the existing THPP pipeline, but the entire property was surveyed for the purpose of this corridor certificate application. TESORO has also assessed a roughly one-half mile wide “study area” associated with this parcel (measured from the perimeter of the survey area boundary) in this application.

9. Evaluation Criteria Leading To Site Selection

Evaluation criteria as described in North Dakota Administrative Code (North Dakota Rules) Chapter 69-06-08-02 guided and governed the siting of the Project. Detailed discussions of these criteria, including descriptions, potential impacts, and mitigation measures where appropriate are provided below.

9.1. Exclusion Areas

According to the NDAC, Exclusion Areas are geographic areas where no construction activity is allowable. Buffer zones are established at designated widths in order to protect the exclusion area resource. Table 1 indicates the types of exclusion zones specified by the NDPSC and the

Table 2. Exclusion Area criteria for the proposed project area and surrounding study area

| Exclusion Areas In Study Area Within Project | In Study Area | Within Project Boundary |
|---|----------------------|--------------------------------|
| National Monuments | No | No |
| National Wilderness Areas | No | No |
| National Wildlife Refuges | No | No |
| State Wild, Scenic, or Recreational Rivers | No | No |
| State Game Refuges | No | No |
| State Game Management Areas | No | No |
| State Management Areas | No | No |
| State Forests | No | No |
| State Forest Management Lands | No | No |
| State Grasslands | No | No |
| State Parks and Forest | No | No |
| State Historic Sites | No | No |
| State Monuments | No | No |
| State Historical Markers | No | No |
| State Archaeological Sites | No | No |
| State Nature Preserves | No | No |
| State or National Grasslands | No | No |



| | | |
|--|----|----|
| Other Historical Resources | No | No |
| County Parks | No | No |
| County Recreational Areas | No | No |
| Municipal Parks | No | No |
| Parks owned or administered by other Governmental Subdivisions | No | No |
| Prime and Unique Farmlands | No | No |
| Critical Habitats defined by the USFWS | No | No |
| Irrigated Land | No | No |
| Areas of unique animals or plant species | No | No |

9.2. Avoidance Areas

Avoidance Areas are defined by the NDAC as geographic areas which may be impacted by the proposed management, the orderly siting of the facility, system reliability and integrity, the efficient use of resources, and alternative sites. Table 2 lists the criteria and determined Avoidance Areas observed during the site assessment.

Table 3 Avoidance Area criteria for the proposed project area and surrounding study area.

| Avoidance Areas | In Study Area | Within Project Boundary |
|--|---------------|-------------------------|
| Historical Resources not Designated as Exclusion Area | No | No |
| Areas Which Are Geologically Unstable | No | No |
| Within Five Hundred Feet [152.4 Meters] of a Residence, School, or Place of Business | No | No |
| Areas within 100-year Floodplain | No | No |
| Woodlands | No | No |
| Wetlands and Watercourses | Yes | Yes |
| Reservoirs and Municipal Water Supplies | No | No |
| Water Sources for Organized Rural Water Districts | No | No |
| Areas of Recreational Significance Which Are Not Designated as Exclusion Areas | No | No |

9.3. Selection Criteria

Selection Criteria are those environmental resources on which the Project must have an acceptable minimum amount of impact, as determined by the ND-PSC. Table 3 below identifies Selection Criteria that were considered for the Project. A discussion of potential impacts and mitigation measures that will be implemented is provided in those instances where impacts to Selection Criteria are possible.



Table 4 Selection Criteria

| Selection Criteria | Potential Impact Resulting from Project |
|--|---|
| Agricultural Production | Minimal |
| Family Farms and Ranches | None |
| Land Suitable for Irrigation | None |
| Surface and Groundwater Flow Patterns | Avoidance Area |
| Noise Sensitive Areas | None |
| Visual Effects | None |
| Extractive and Storage Resources | None |
| Wetlands/ Watercourses | Avoidance Area |
| Woodlands | None |
| Communication or Electric Control Facilities | None |
| Human Health and Safety | Future Potential |
| Animal Health and Safety | None |
| Plant Life | Minimal |

9.3.1. Agricultural Production

The property is currently used for the production of annual wheat crops. The proposed development will decrease agricultural production by 29.7 acres. There are family farms within the vicinity (2 mile radius) of the proposed project location. Minimal impact to agricultural production is expected due to the development of the proposed project. (USDA 2007 Census of Agriculture)

9.3.2. Noise and Visual Effects

The surrounding and adjacent land use to the south is industrial. The New Ramberg/ Beaver Lodge Station is directly south of the proposed project location. Another industrial station is directly west of the site. In addition, a new industrial site is being developed within one mile of the eastern boundary. The proposed location is also within the Beaver Lodge Oil Field. Noise or visual effects are not foreseen due to the proposed project.

9.3.3. Wetlands

During the site assessment the presence or absence of wetlands was determined using USACE methods (USACE 1987 and 2010). No wetlands were located within the property boundaries. USACE wetland delineation data sheets are provided in Exhibit B. The site has two ephemeral drainages. Water was present and flowing during the April survey. However, wetland plants and soils were absent from the site. These areas do not meet the USACE definition of a wetland.



9.3.4. Human Health and Safety

Despite its excellent safety record, the transportation of crude oil involves some risk to the public. Perhaps the most obvious risk to human health is the potential for fire in the event of an accident and subsequent release. Toxic exposure from crude oil through skin contact, ingestion, or vapor inhalation can also be a risk from exposure to significant quantities or in confined spaces.

TESORO will design, construct, test, operate, and maintain the Project in accordance with all applicable laws and standards. The U.S. Department of Transportation's pipeline standards are published in Parts 194 and 195 of Title 49 of the Code of Federal Regulations. The regulations are intended to ensure adequate protection of the public and to prevent accidents and failures. Part 195 specifically addresses petroleum pipeline safety issues. It specifies material selection and qualification; minimum design requirements; and protection from internal, external, and atmospheric corrosion. Part 194 prescribes emergency planning to prepare for prompt shutdown, containment and cleanup to minimize the effects of a pipeline release, should one occur.

No known impacts to human health or safety besides future operation at BASH are foreseen from the development of the proposed project.

9.3.5. Plant Life

According to the KC Harvey wetland delineation and habitat assessment referenced above (see Exhibit B), Vegetation at the proposed project location consists mainly of cultivated crops with the north $\frac{1}{4}$ of the property being non-native and native grass species. Minimal impacts to the vegetation communities are expected from the development of the proposed project.

9.4. Policy Criteria

9.4.1. Location and Design

TESORO has designed the Project to maximize the use of the existing BASH facilities.

9.4.2. Training and Utilization of Available Labor in this State for the General and Specialized Skills Required

Locally hired construction workers will be dependent on the qualified contractor selected for the Project. Pipeline and station construction is a specialized market and it is unlikely that there are qualified local pipeline contractors in the immediate vicinity capable of completing the Project. If a non-local contractor is awarded this Project, it is likely that up to 75 percent of the workers may be non-local. The remaining 25 percent may be hired from the local population currently residing in nearby areas of North Dakota.

TESORO does not anticipate hiring any permanent employees to operate the



BASH Facility. Operation of this facility will be managed by TESORO's existing workforce.

9.4.3. Economies of Construction and Operation

Crude oil and natural gas are North Dakota's leading mineral products. North Dakota is the fourth largest producer of crude oil in the country. The Project will boost the State's economy and allow the State to capitalize on tax revenue gathered from increased production and extraction taxes.

State and local economies will also benefit during construction from the temporary hiring of local construction workers, and from a relatively large-scale, temporary influx of non-local construction workers. Unemployment in the area would see a temporary drop, and payroll taxes would temporarily rise.

Local businesses will benefit from the demand for goods and services generated by the temporary workforce's need for food and lodging. In addition, TESORO will purchase some of the materials necessary for construction of the Project locally. TESORO estimates that local purchases made for construction of the Project will primarily include consumables, fuel, equipment rental, and miscellaneous construction-related materials (e.g., office supplies).

9.4.4. A Commitment of a Portion of the Transmitted Product for Use in this State

TESORO does not own any of the crude oil in its system, and, as a common carrier pipeline, does not determine the destinations for the products transported by its system. TESORO's business is to provide transportation service to its customers as a common carrier, and to receive a fee for that service pursuant to tariffs authorized by the Federal Energy Regulatory Commission (FERC) pursuant to the Interstate Commerce Act.

9.4.5. Coordination of Facilities

As previously mentioned, TESORO has designed the Project to maximize use of the existing BASH facilities and site to minimize environmental impacts to the greatest extent possible.

9.4.6. Monitoring of Impacts

TESORO is committed to protecting the environment and complying with all applicable environmental laws, regulations, and standards. TESORO is proposing to implement environmental training and will designate an environmental representative to oversee the Project and to ensure and document environmental compliance throughout the course of the Project.



9.4.6.1. Environmental Training

To communicate the Project's environmental requirements to Project personnel, TESORO will require environmental training of all Project personnel prior to construction. TESORO will:

- Require environmental training of all personnel (both contractor and TESORO) visiting or working at the job site;
- Require everyone who attends training to sign an acknowledgement form and be issued, as a proof-of-training, a hardhat sticker; and
- Require all personnel to display a hardhat sticker when on a job site or dismiss personnel from the job site until it is obtained through completion of training.

9.4.6.2. Environmental Monitoring

Environmental monitoring, in the form of ongoing site inspection, will be conducted during and following construction. Contract specifications will incorporate environmental protection and mitigation measures required by regulation, TESORO specifications or environmental permits. Contractors will be expected to implement these measures in the field. Contractor training and project orientation will also be provided by TESORO.

Environmental data has been assessed, (specifically cultural resources, wetlands, and protected species), as described in Section B of this application. TESORO will continue to work with appropriate regulatory agencies and will continue to gather comprehensive information during the permitting process.

9.4.6.3. Utilization of Existing and Proposed Rights-of-Way and Corridors

As previously mentioned, TESORO has designed the Project to maximize use of the existing BASH facilities and property to Relative Value of Evaluation Criterion

9.5. Relative Value of Evaluation Criterion

The Project involves the upgrade of TESORO's existing BASH facilities. The criteria evaluated in Section 9.6 were considered in the design of the proposed upgrade facilities.

9.6. Criteria Evaluated

- Exclusion Areas
- Avoidance Areas
- Selection Criteria
- Policy Criteria
- Design and Construction Limitations
- Economic Considerations



Complete descriptions, potential impacts, and mitigation measures relevant to the six criteria cited above are provided in Section D.9 (above).

9.7. General Mitigative Measures to Be Taken

Mitigation measures to minimize adverse impacts of the Project are identified throughout this document. TESORO will develop a Storm Water Pollution Prevention Plan (SWPPP) and placed it on project site during construction to prevent the erosion control and sediment from escaping from the site. It will also help prevent impacting sensitive environmental features on site during construction. In addition, TESORO will develop a Spill Prevention, Containment and Control Plan (SPCCP) that describes planning, prevention and control measures to minimize impacts of Project-related spills. SWPPP and SPCCP are comprehensive, controlling documents that will be included in contract specifications.

9.8. Qualifications of Persons Contributing To the Study

David Cameron, PE

Degree: BS, Civil Engineering, University of Colorado

Experience: Specialist in reclamation design with 31 years of professional experience in North America, Mexico, South America, and Australasia. He also has vast experience in development and implementation of reclamation plans for mining, oil and gas, and other energy related projects.

Monica Pokorny

Degree: MS, Land Resources and Environmental Sciences, Montana State University

Experience: 17 years of experience doing biological assessments, field sampling, reclamation design and implementation, and reporting.

Loren Franklin

Degree: MS, Land Rehabilitation

Experience 6 years of experience being a reclamation scientist and her project experience emphasizes human and ecological risk assessment, environmental sampling, and reclamation planning, construction, and monitoring. Her specialties also include GPS, GIS, and database compilation.

Brad Kovach

Degree: BS, Biology

Experience: 22 years of experience in environmental services. His experience includes facility siting and permitting, resource assessments, and project management.

9.9. Maps

9.9.1. Map of Evaluation Criteria within Study Area

TESORO is enclosing herewith as Exhibit A-2, A-3 and A-4 certain plot plans showing the location of the proposed tanks within the BASH facility property as described in Section A. Also, TESORO encloses herein as Exhibit A-4, a



topographic map and aerial map showing the location of the Project.

9.9.2. Mylar Maps of Study Area

Mylar maps have not been included with this application because this map producing process is no longer in use.