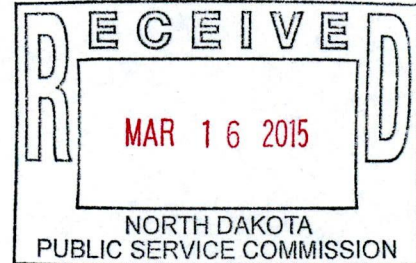


March 16, 2015

**HAND DELIVERED**

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



**RE: Sacagawea Pipeline Company, LLC —  
Case Number PU-15-\_\_\_\_\_**

Dear Mr. Nitschke:

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

1. Application for Waiver or Reduction of Procedures and Time Schedules;
2. Consolidated Application for a Certificate of Corridor Compatibility and Route Permit (Volumes 1, 2, and 3). Please note that Volume 3 contains privileged information not intended for internet publication;
3. Copy of Certificate of Formation of Sacagawea Pipeline Company, LLC; and
4. Map suitable for publication.

Electronic versions of all documents, including relevant shapefiles, are also provided.

A filing fee in the amount of \$100,000 is also enclosed herewith for filing. If you should have any questions, please advise.

Sincerely,

A handwritten signature in blue ink, appearing to read "Lawrence Bender".

LAWRENCE BENDER

LB/dmk  
Enclosures

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Attorneys & Advisors  
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1133 College Drive, S  
Bismarck, North Dako  
58501-1215

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**PU-15-114** Filed: 3/17/2015 Pages: 12  
**Application for Waiver or Reduction of Procedures  
and Time Schedules**

Sacagawea Pipeline Company, LLC  
Lawrence Bender, Fredrikson&Byron, P.A.

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF NORTH DAKOTA**

IN THE MATTER OF THE COMBINED  
APPLICATION OF SACAGAWEA PIPELINE  
COMPANY, LLC, FOR A CERTIFICATE OF  
CORRIDOR COMPATIBILITY AND ROUTE  
PERMIT FOR THE SACAGAWEA PIPELINE  
PROJECT IN MCKENZIE AND MOUNTRAIL  
COUNTIES, AND REQUEST FOR WAIVER  
OF PROCEDURES AND TIME SCHEDULES

CASE NO. PU-15-\_\_\_\_\_

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**Application of Sacagawea Pipeline Company, LLC,  
for Waiver or Reduction of Procedures and Time Schedules**

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In connection with its submission of a consolidated application for a Certificate of Corridor Compatibility and Route Permit (“Consolidated Application”) for a 16-inch crude oil pipeline, approximately 70 miles in length, known as the Sacagawea Pipeline Project to be located in McKenzie and Mountrail Counties, North Dakota (the “Project”), Sacagawea Pipeline Company, LLC (“Sacagawea”) 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”). Sacagawea requests that the Commission waive and/or reduce procedures and time schedules required by the Siting Act and Siting Rules to accomplish the purposes as requested herein. Sacagawea’s request includes, but is not limited to:

1. That the Commission waive, pursuant to North Dakota Century Code Sections 49-22-07.2 and 49-22-13, and North Dakota Administrative Code Section 69-06-01-02 and Chapter 69-06-06, the provisions of North Dakota Century Code Sections 49-22-08, 49-22-08.1, and 49-22-13, and North Dakota Administrative Code

Section 69-06-01-02 insofar as they require the separate filing of applications for a Certificate of Corridor Compatibility (“Corridor Certificate”) and a Route Permit, separate notices of such applications, separate hearings on such applications, and certain time schedules as set forth in said statutes and rules.

2. That the Commission allow for consolidation of the applications for a Corridor Certificate and a Route Permit, and allow for a consolidated notice of publication.
3. That the Commission hold a single consolidated hearing on this waiver request and its Consolidated Application.
4. That the Commission waive the requirements of Section 69-06-05-01(2)(f) of the North Dakota Administrative Code insofar as this section may require a corridor width of ten percent of the corridor’s length with a maximum width of six miles, reducing the required corridor width to between one and two miles for the Project.
5. That the Commission waive the requirements of Section 49-22-13 of the North Dakota Century Code insofar as this section requires separate hearings to be held in each of the counties affected by the Project, and instead hold only one hearing addressing all affected counties.

Consistent with the Commission’s Energy and Transmission Facility Siting Guidelines (“Commission’s Guidelines”), Sacagawea provides the following information in support of its waiver requests:

**A. Description of Proposed Project.**

1. **Type:** The Project will require installation of an underground steel pipeline that will transport crude oil. Surface structures will include nine mainline block valves, two mainline check valves, one launcher, and one receiver. A launcher and leak detection meter will be

constructed at the Keene Crude Oil Terminal. A receiver and custody transfer meter with pressure and flow control equipment will be installed at the Palermo Rail Terminal Facility.

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

3. **Size and Design:** The proposed Project will have a maximum operating temperature of 120 degrees Fahrenheit and a maximum operating pressure (“MOP”) of 1,440 pounds per square inch (“psi”). The proposed Project will have a maximum throughput rate of 200,000 barrels per day (“bpd”). The proposed Project will typically operate at 1,200 psi and will have a normal throughput rate of 140,000 bpd. The steel pipeline used for the Project will meet United States Department of Transportation regulations, specifically the design criteria outlined in 49 CFR Part 195, Subpart C. The Project will be constructed, operated, and maintained in accordance with 49 CFR Part 195.

4. **Location:** The total length of the Project is approximately 70 miles located in McKenzie and Mountrail Counties, North Dakota. The Project will result in a transmission pipeline originating at Paradigm Midstream Services Keene Crude Oil Terminal located approximately 2.5 miles south of Keene, North Dakota in McKenzie County and terminating at the Phillips 66 Partners Palermo Rail Terminal Facility west of Palermo, North Dakota in Mountrail County. Maps of the proposed Project are provided in the Consolidated Application, submitted herewith.

5. **Geographic Service Area:** As noted above, the Project is located in McKenzie and Mountrail Counties and will connect the Keene Crude Oil Terminal with the Palermo Rail Terminal Facility. The immediate area served by the Project will be western North Dakota; however, the crude oil will ultimately be distributed throughout the United States.

6. **Time Schedule:** Sacagawea proposes to develop the Project on the following schedule:

- March 2015 — Sacagawea files with the Commission a consolidated application for a Corridor Certificate and Route Permit.
- Before August 2015 — The Commission issues a Corridor Certificate and Route Permit for the Project.
- Third Quarter 2015 — Sacagawea will begin construction of the Project. Construction is anticipated to last approximately six months.
- Commissioning and restoration activities will commence immediately following construction of the Project.

7. **Future Plans:** At this time, Sacagawea 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 are subject to interpretation and speculation. Studies conducted by the North Dakota Department of Mineral Resources (“NDDMR”)<sup>1</sup> and the U.S. Geological Survey<sup>2</sup> 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. Information from the NDDMR indicates that oil production has increased

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<sup>1</sup> 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 Resources Study Project 23 (2008).

<sup>2</sup> United State Geological Survey, Assessment of Undiscovered Oil Resources in the Devonian-Mississippian Bakken Formation, Williston Basin Province, Montana and North Dakota, 2008, <http://pubs.usgs.gov/fs/2008/3021/> (last visited Dec. 15, 2014).

dramatically from March of 2007 to March of 2013, with a percentage increase of approximately 564 percent.<sup>3</sup>

The major constraint in transporting oil from North Dakota to distribution centers and eventual end users in the United States is the lack of pipeline capacity. With the constraints to the existing transportation infrastructure in the Project area, construction of the Project will provide firm, reliable transport of 140,000 bpd of crude oil between the Keene Crude Oil Terminal and the Palermo Rail Terminal Facility. From the Palermo Rail Terminal Facility, the product will be distributed to refineries located on the East Coast, Mid-Continent, and West Coast of the United States.

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 help prevent. The Project will help to provide the needed capacity to transport crude oil 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, please see Section 3 of the Certificate of Corridor Compatibility or Route Permit Application, which accompanies this waiver application. For a discussion of alternatives evaluated, please see Section 4.2.1 of the Certificate of Corridor Compatibility Application or Section 2.2 of the Route Application.

**C. Cost.**

Sacagawea estimates that it will cost approximately \$100 million to develop the Project.

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<sup>3</sup> North Dakota Department of Mineral Resources, North Dakota Monthly Oil Production Statistics, <https://www.dmr.nd.gov/oilgas/stats/historicaloilprodstats.pdf> (last visited Jan. 15, 2015).

**D. Waiver Request.**

Sacagawea 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 crude oil from the Keene Crude Oil Terminal to the Palermo Rail Terminal Facility. Utilizing the Project will eliminate the need to transport the crude oil between the two locations via truck, which, in turn, will reduce truck traffic on North Dakota roads and highways. Without the waivers of time schedules and procedures requested, completion 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 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 Sacagawea’s Consolidated Application, granting the waivers requested is appropriate because the proposed facility will produce minimal adverse effects due to its length (approximately 70 miles), its design (an underground pipeline), its location (located in rural McKenzie and Mountrail Counties and avoiding Exclusion and Avoidance Areas), and its purpose (underground pipeline transportation of crude oil).

In determining whether the proposed facility will result in adverse impacts on the environment, Sacagawea evaluated the Project using the criteria set forth in the Siting Act, the Siting Rules, and the Commission’s Guidelines. More specifically, Sacagawea 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

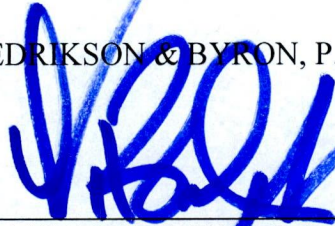
Century Code. Impacts associated with the Project, and mitigation measures that will be taken with respect to said impacts, are summarized in Sections 4 and 5 of the Route Application. Based upon Sacagawea's siting criteria evaluation, and the factors set forth in the Guidelines, the Project will have minimal adverse effects.

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

Dated this 16th day of March, 2015.

FREDRIKSON & BYRON, P.A.

By



\_\_\_\_\_  
LAWRENCE BENDER, ND Bar #03908  
DANIELLE M. KRAUSE, ND Bar #06874  
*Attorneys for Sacagawea Pipeline Company, LLC*  
1133 College Drive, Suite 1000  
Bismarck, ND 58501-1215  
(701) 221-8700



# Delaware

PAGE 1

*The First State*

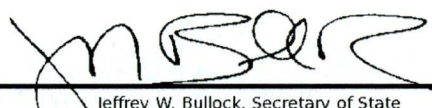
I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "SACAGAWEA PIPELINE COMPANY, LLC", FILED IN THIS OFFICE ON THE TWENTY-FIRST DAY OF AUGUST, A.D. 2014, AT 2:37 O'CLOCK P.M.



5590519 8100

141096652

You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

  
Jeffrey W. Bullock, Secretary of State  
**AUTHENTICATION: 1640880**

**DATE: 08-22-14**

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 02:44 PM 08/21/2014  
FILED 02:37 PM 08/21/2014  
SRV 141096652 - 5590519 FILE

STATE OF DELAWARE  
LIMITED LIABILITY COMPANY  
CERTIFICATE OF FORMATION

This Certificate of Formation for Sacagawea Pipeline Company, LLC has been duly executed and is being filed by the undersigned, an authorized person, to form a limited liability company under the Delaware Limited Liability Company Act (6 Del.C. §18-101, et seq.).

**FIRST:** The name of the limited liability company is **Sacagawea Pipeline Company, LLC.**

**SECOND:** The address of its registered office in the State of Delaware is The Corporation Trust Center, 1209 N. Orange Street, in the City of Wilmington, New Castle County, Delaware 19801. The name of the Registered Agent at such address is The Corporation Trust Company.

**IN WITNESS WHEREOF**, the undersigned has executed this Certificate of Formation of Sacagawea Pipeline Company, LLC this 21st day of August, 2014.

BY: /s/ M. Louise Mousseau  
Louise Mousseau  
Authorized Person

