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August 3, 2015

**Hand Delivery**

Mr. Darrell Nitschke  
Executive Director  
North Dakota Public Service Commission  
600 E. Boulevard, Dept. 408  
Bismarck, ND 58505-0480



In re: ONEOK Bakken Pipeline, L.L.C.  
Lonesome Creek NGL Pipeline Project  
McKenzie County  
Case No. PU-15-137  
Our File No. 72-591-003

Dear Mr. Nitschke:

Enclosed for filing are the original and ten copies of the Proposed Findings of Fact, Conclusions of Law and Order.

Please call should you have any questions. Thank you.

Very truly yours,

A handwritten signature in blue ink, appearing to be "J. Morrison", written over a horizontal line.

John W. Morrison

lh  
enc.

cc: Michael Dailey (via email)  
William McCarthy (via email)  
Brian Schmidt (via email)

**STATE OF NORTH DAKOTA  
PUBLIC SERVICE COMMISSION**

**ONEOK Bakken Pipeline, L.L.C.  
Lonesome Creek NGL Pipeline Pjct - McKenzie  
Siting Application**

**Case No. PU-15-137**

**PROPOSED FINDINGS OF FACT**

**CONCLUSIONS OF LAW, AND ORDER**

\_\_\_\_\_, 2015

**Appearances**

Commissioners Julie Fedorchak, Randy Christmann, and Brian P. Kalk.

John W. Morrison, Attorney at Law, Crowley Fleck PLLP, 100 West Broadway, Suite 250, Bismarck, North Dakota 58501 on behalf of ONEOK Bakken Pipeline, L.L.C.

Brian Schmidt, Special Assistant Attorney General as counsel for the Public Service Commission, 600 East Boulevard Avenue, Bismarck, North Dakota 58505.

Wade C. Mann, Administrative Law Judge, Office of Administrative Hearings, 2911 North 4<sup>th</sup> Street, Suite 303, Bismarck, ND 58503, as procedural Hearing Officer.

**Preliminary Statement**

On April 7, 2015, ONEOK Bakken Pipeline, L.L.C., (“ONOEK”) filed applications for a certificate of corridor compatibility and a route permit concerning approximately 4 miles of 8-inch diameter natural gas liquids (“NGLs”) pipeline and associated facilities in McKenzie County, North Dakota. The facility will consist of 4 miles of buried steel pipe from the Lonesome Creek Natural Gas Processing Plant (the “Plant”) to an interconnection with the existing Garden Creek NGL Pipeline (the “GCP”). A launcher and receiver and valves will be located on existing facilities at the Plant and the GCP and no other above-ground facilities will be constructed. The company also filed an application for waivers of procedures and time schedules established under North Dakota Century Code sections 49-22-07.2, 49-22-08, 49-22-08.1, 49-22-13, and North Dakota Administrative Code section 69-06-01-02 and Chapter 69-06-06, requiring separate filings, separate notices, separate hearings and certain time schedules of such applications

On June 3, 2015, the Commission found the applications complete and issued a Notice of Filings and Notice of Hearing scheduling a public hearing on July 30, 2015 at 9:00 a.m. CST at Teddy's Residential Suites, 113 9<sup>th</sup> Avenue SE, Watford City, North Dakota 58854.

The Notice of Hearing identified the following issues to be considered in ONEOK's request for a waiver of procedures and time schedules are as follows:

1. Are the proposed facilities of such length, design, location, or purpose that they will produce minimal adverse effects such that adherence to the procedures and time schedules may be waived?
2. Is it appropriate for the Commission to waive any procedures and time schedules as requested in the application?

The Notice of Hearing identified the following issues to be considered in ONEOK's applications for certificate of corridor compatibility and route permit are as follows:

1. Will the location, construction, and operation of the proposed facilities produce minimal adverse affects on the environment and upon the welfare of the citizens of North Dakota?
2. Are the proposed facilities compatible with the environmental preservation and the efficient use of resources?
3. Will the proposed facility locations minimize adverse human and environmental impact while ensuring continuing system reliability and integrity and ensuring that energy needs are met and fulfilled in an orderly and timely fashion?

On July 30, 2015, the hearing was held as scheduled.

Having allowed all interested persons an opportunity to be heard and having heard, reviewed, and considered all the evidence presented, the Hearing Officer makes the following:

### **Findings of Fact**

1. ONEOK is a Delaware limited liability company authorized to transact business in the State of North Dakota as evidenced by corporate papers filed with the Commission in Case No. PU-13-739.

#### Need for Facility

2. An affiliate of ONEOK is currently constructing the Plant to process gas produced in association with oil in western North Dakota and the Plant is essential to reduce the flaring of natural gas. NGLs are recovered when natural gas is processed, and ONEOK markets NGLs by shipping them by rail or pipeline from the Riverview Rail Facility near Sidney, Montana, which is operated by an affiliate of ONEOK. The interconnection with the GCP will enable ONEOK to

use existing facilities to deliver the NGLs to Riverview. The only alternative to the pipeline would be to truck the NGLs.

#### Size, Type and Preferred Location of Facility

3. The proposed facilities (the “Project”) consist of approximately 4 miles of new pipe. Associated facilities include a meter skid, an isolation valve and a launcher at the Plant and a receiver, isolation valve and check valve at the GCP interconnect.

4. The pipeline will run from the Plant to the GCP and will, for the most part, follow existing utilities. After filing the application, ONEOK amended the application to reroute approximately two miles of the route to accommodate a landowner’s request. The revised route is preferable from an economic, operational and environmental perspective.

#### Project Design

5. The proposed pipe will have an 8-inch nominal diameter and wall thickness of 0.188 inches except for road crossings where the wall thickness will be 0.219 inches.

6. The maximum operating pressure of the pipeline will be 1440 psi and its capacity will be 30,000 barrels of NGLs per day.

7. A supervisory control and data acquisition system will monitor pressure and temperature 24 hours per day, 7 days per week from a control room in Tulsa, Oklahoma. The isolation valve at the inlet of the pipeline at the Plant can be shut-down remotely and a check valve at the interconnect with GCP will prevent any back-flow from the GCP into the pipeline. As a result, shutting down the inlet valve will effectively isolate the pipeline. ONEOK will also have employees on the ground in Watford City and at the Plant who can respond to any issue.

#### Study of Preferred Location

#### Siting Criteria

8. The Commission has established criteria pursuant to North Dakota Century Code section 49-22-05.1 to guide the Commission in evaluating the suitability of granting a certificate of corridor compatibility and route permit. The criteria, as set forth in North Dakota Administrative Code section 69-06-07-02 are classified as Exclusion Areas, Avoidance areas, Selection Criteria, and Policy criteria.

9. A transmission facility route must not be sited within an exclusion area.

**10.** An Exclusion Area may not encompass more than fifty percent of a corridor width unless there is no reasonable alternative. Exclusion Areas must be excluded from consideration of a route for a transmission facility. A buffer zone of a reasonable width to protect the integrity of the area must be included. Natural screening may be considered in determining the width of the buffer zone.

**11.** A transmission facility must not be sited within an Avoidance Area, unless the applicant shows that there is no reasonable alternative. In determining whether an avoidance area should be designated for a transmission facility, the Commission may consider, among other things, the proposed management of adverse impacts, the orderly siting of facilities, system reliability and integrity, the efficient use of resources, and alternative routes.

**12.** ONEOK identified an area consisting of a one-mile wide buffer (Study Area) routed from the Plant to the GCP. ONEOK evaluated the Study Area for the Exclusion, Avoidance, Selection and Policy criteria of the Commission.

**13.** ONEOK conducted a Class I cultural resource literature search on the Study Area centered on the proposed route from the Plant to the GCP.

**14.** ONEOK conducted a Class III cultural resource survey and a natural resource inventory on a 250-foot wide corridor (the Environmental Survey Area). ONEOK also conducted a natural resource survey within the Environmental Survey Area to gather information on soils, land use, wetlands, waterbody crossings, noxious weeds, trees and shrubs, and protected species and habitat.

**15.** An occupied residence is within 500 feet of the route. ONEOK obtained and included as part of its application a written waiver from the owner. No other exclusion or avoidance areas were included within the Environmental Study Area or affected by the route.

**16.** ONEOK contacted governmental agencies and entities, including the United States Fish and Wildlife Service, the North Dakota Game and Fish Department, the North Dakota Parks and Recreation Department, the Department of Trust Lands, and the North Dakota State Historical Office.

**17.** The State Historic Preservation Office concurred with the Class III study recommendation of “no historic sites affected” for both the original route and the revised route. None of the other agencies that responded raised any concerns with the route.

**18.** In accordance with the Commission’s Selection Criteria, a transmission facility shall be approved only if it is determined that any significant adverse effects that will result from the location, construction and operation of the facility as they relate to the Selection Criteria will be at an acceptable minimum, or will be managed and maintained at an acceptable minimum.

ONEOK has analyzed the impacts of the Project in relation to all relevant Selection Criteria. No significant adverse impact will result from the location, construction and operation of the Project.

#### Mitigation to Minimize Impact

19. ONEOK will conduct inspections, including aerial inspections and inline inspections, in accordance with the requirements of PHMSA.

20. ONEOK will coordinate with local authorities and emergency managers regarding emergency response measures.

21. ONEOK also agreed to a number of steps to mitigate the impact of the Project as indicated by the Certification Relating to Order Provisions – Transmission Facility Siting, with accompanying Tree and Shrub Mitigation Specifications which is incorporated by reference and attached to this Order.

22. ONEOK will use environmental monitors and inspectors to comply with all applicable permits.

From the foregoing Findings of Fact, the Hearing Officer makes the following:

#### Conclusions of Law

1. The Commission has jurisdiction over this proceeding under North Dakota Century Code Chapter 49-22.

2. ONEOK is a utility as defined in North Dakota Century Code Section 49-22-03(13).

3. The Project is a transmission facility as defined in North Dakota Century Code Section 49-22-03(12).

4. The location, construction, and operation of the Project as a transmission line will produce minimal adverse effects on the environment and upon the welfare of the citizens of North Dakota.

5. The Project corridor and route are compatible with the environmental preservation and the efficient use of resources.

6. The pipeline corridor and route will minimize adverse human and environmental impact while ensuring continuing system reliability and integrity and ensuring that energy needs are met and fulfilled in an orderly and timely fashion.

7. The Project is of such design and location that it will produce minimal adverse effects, as defined under North Dakota Century Code Section 49-22-07.2 and it is appropriate for the Commission to waive those certain procedures and time schedules as requested in the Application pursuant to North Dakota Century Code section 49-22-07.2

From the foregoing Findings of Fact and Conclusions of Law, the Commission now makes its:

### **Order**

The Commission orders:

1. ONEOK's application for waiver of procedures and time schedules is granted.
2. Certificate of Corridor Compatibility No. \_\_\_ is issued to ONEOK designating a corridor for the construction, operation and maintenance of an approximately 4 mile 8-inch steel NGL transmission pipeline and associated facilities in McKenzie County, North Dakota. For purposes of the Certificate, the Corridor is approximately 4 miles long and 200-foot wide centered on the pipeline route designated in this order.
3. Route Permit No. \_\_\_ is issued to ONEOK, designating a route in McKenzie County, North Dakota, for the construction and operation of a 4-mile long NGL transmission pipeline. The designated route for this purpose is illustrated in maps included in Appendix B of ONEOK's Amended Application (hearing exhibit 2).
4. The Certification Relating to Order Provisions – Transmission Facility Sitting (Certification) and accompanying Tree and Shrub Mitigation Specifications is incorporated by reference and attached to this Order.
5. To the extent there are any conflicts or inconsistencies between ONEOK's Application and the Certification, the Certification provision control.
6. ONEOK is required to comply with the applicable laws, rules and or regulations in the event it desires to construct another or a different transmission facility than was specified in the application within the corridor granted in this proceeding.
7. ONEOK shall comply with all the rules and regulations of all other agencies having jurisdiction over any phase of the proposed project. Prior to commencing construction of any phase of the proposed project, ONEOK shall obtain all other necessary licenses and permits

for construction of such phase, and provide copies to the Commission prior to construction of each phase.

**PUBLIC SERVICE COMMISSION**

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**Randy Christman**  
**Commissioner**

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**Julie Fedorchak**  
**Chairman**

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**Brian Kalk**  
**Commissioner**