

**APPENDIX B**  
**Ten-Year Plan**

**TEN YEAR PLAN: 2015-2025**  
**NuStar Pipeline Operating Partnership L.P.**

**September 2015**

In accordance with Section 49-22-04 of the North Dakota Century Code and Chapter 69-06-02 of the North Dakota Administrative Code, NuStar Pipeline Operating Partnership L.P. (“NuStar”), submits the following Ten Year Plan for years 2015 through 2025.

- (1) A description of the general location, size, and type of all facilities to be owned or operated by the utility during the ensuing ten years, as well as those facilities to be removed from service during the ten-year period.

NuStar’s existing 10-inch North System Pipeline transports refined petroleum products and extends west from the Tesoro Refinery in Mandan, North Dakota, through NuStar terminals in Jamestown, North Dakota, and Moorhead and Sauk Center, Minnesota, to a terminal in Roseville, Minnesota. NuStar’s North System Pipeline also transports refined petroleum products produced in Kansas, Oklahoma, and Texas, which are delivered to the Jamestown terminal from a NuStar 4-inch refined products pipeline extending north from Kansas. At the various terminals along the North System Pipeline, refined petroleum products are distributed by customers (e.g., retail outlets and contract end-users) in North Dakota and Minnesota.

NuStar will submit a Consolidated Application for a Certificate of Corridor Compatibility and Route Permit requesting approval from the North Dakota Public Service Commission (the “Commission”) for construction of an approximately 7.3 mile-long, 8-inch-diameter pipeline that will extend between Cenex Pipeline, LLC’s (“Cenex”) proposed refined petroleum products terminal (the “Cenex Fargo Terminal”), located approximately 1.3 miles southeast of Prosper, North Dakota, and NuStar’s existing North System Pipeline, located approximately 2 miles southeast of Mapleton, North Dakota. The proposed pipeline and associated facilities owned by NuStar are referred to as the Laurel Interconnect Pipeline Project (the “Project”). The Project is located entirely in Cass County, North Dakota.

NuStar does not currently have plans to remove any facilities from service during the ten-year period.

- (2) An identification of the location of the tentative preferred site for all energy conversion facilities and the tentative location of all transmission facilities on which construction is intended to be commenced within the ensuing five years and such other information as may be required by the commission. The site and corridor identification shall be made in compliance with the criteria published by the commission pursuant to section 49-22-05.1.

NuStar has evaluated a study area for the Project to determine the best location for the placement of the corridor and route in order to meet the needs of the Project, while minimizing land use and environmental impacts, and taking into consideration landowner input and design and construction limitations. The selected location of the route within the corridor was made in compliance with Section 49-22-05.1 of the North Dakota Century Code. NuStar’s Consolidated

Application for a Certificate of Corridor Compatibility and Route Permit, which will be filed with the Commission in the near future, will discuss the Project's compliance with the Section 49-22-05.1 criteria in greater detail. NuStar continually assesses its pipeline system to meet market demands but currently has no plans to construct additional transmission facilities within the next five years.

- (3) A description of the efforts by the utility to coordinate the plan with other utilities so as to provide a coordinated regional plan for meeting the utility needs of the region.

NuStar, in coordination with Cenex, evaluated both NuStar's and Cenex's refined petroleum products pipeline systems, and both utilities concluded that connecting the two systems via the proposed Project and the proposed Cenex Fargo Terminal would enhance the refined petroleum products supply capabilities of both systems. The Project will provide Cenex with greater refined petroleum product supply optionality through the use of NuStar's North System Pipeline. The North System Pipeline has a direct connection to the Tesoro Refinery in Mandan, North Dakota; a terminal connection to a pipeline transporting product from refineries in Kansas, Oklahoma, and Texas; and a terminal connection in Moorhead, Minnesota. Thus, the Project will enable Cenex to deliver refined petroleum products from multiple sources to meet customer demand in the Fargo-Moorhead area via either its existing system or NuStar's system. The Project will also enable NuStar to more efficiently distribute diesel fuel and gasoline and meet customer demand within the states of North Dakota and in Minnesota. The specific benefits to the NuStar system are discussed further in Section 5 below.

In addition, with respect to the proposed Project, NuStar performed a centerline survey of the Project route, and based on that survey, NuStar identified all third-party entities/utilities that would be encountered (e.g., petroleum, water, electric). NuStar contacted each entity to obtain its respective crossing and encroachment guidelines and requirements. NuStar has incorporated these requirements into the Project design, and will work closely with each entity during construction and future operations and maintenance in order to safely construct and operate the Project around these adjacent utilities.

- (4) A description of the efforts to involve environmental protection and land-use planning agencies in the planning process, as well as other efforts to identify and minimize environmental problems at the earliest possible stage in the planning process.

NuStar has employed a qualified environmental consulting firm to conduct studies of and identify avoidance and exclusion areas within the proposed Project corridor and route, in accordance with Chapter 49-22 of the North Dakota Century Code and Chapter 69-06-08 of the North Dakota Administrative Code. NuStar has consulted with federal, state and local agencies and officials regarding the Project, and to date, no environmental or land-use concerns have been identified that would preclude development of the Project along the route identified. NuStar has also developed an Environmental Mitigation Plan that outlines general construction-related mitigation measures to avoid or minimize impacts to natural and cultural resources from Project development.

- (5) A statement of the projected demand for the service rendered by the utility for the ensuing ten years and the underlying assumptions for the projection, with that information being as geographically specific as possible, and a description of the manner and extent to which the utility will meet the projected demands.

Between 2007 and 2013, consumption of petroleum products in North Dakota increased significantly – from 26,411 to 40,679 thousand barrels per year.<sup>1</sup> NuStar and Cenex expect this increased demand to continue or increase during the next ten years. The Project, in conjunction with the proposed Cenex Fargo Terminal, will provide a connection between Cenex’s existing Laurel Pipeline and NuStar’s existing North System Pipeline, thereby enhancing the refined petroleum products supply capabilities of both systems and better ensuring that the systems can efficiently meet this increased refined petroleum product customer demand.

With respect to the NuStar system, the Project will enable NuStar to more efficiently distribute diesel fuel and gasoline and meet customer demand within the states of North Dakota and Minnesota. The Project will allow NuStar to aggregate the gasoline and diesel fuel that comes off of Cenex’s Laurel Pipeline at the Cenex Fargo Terminal with the supply from North Dakota, Kansas, Oklahoma, and Texas already transported by the North System Pipeline. The additional supply from Cenex’s Laurel Pipeline will enable NuStar to take more gasoline and diesel fuel off of the North System Pipeline at the Jamestown terminals to meet the increased North Dakota demand, and still continue to fulfill refined petroleum product customer needs downstream at NuStar’s Moorhead, Sauk Center and Roseville terminals. As a result, NuStar will be able to convert and dedicate existing tanks at the Jamestown, North Dakota terminals to gasoline and diesel fuel storage, which will increase the overall supply of gasoline and diesel fuel available to the North Dakota market. For example, NuStar will be better able to meet the gasoline and diesel fuel needs of North Dakota consumers from the centrally located Jamestown terminals during peak agricultural production periods. In essence, connecting to Cenex’s refined products system will better enable NuStar to ensure refined petroleum product customers at its terminals (including the Jamestown and Moorhead terminals) receive the amounts and types of products required, and can meet the needs of both North Dakota and Minnesota consumers.

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<sup>1</sup> See U.S. Energy Information Administration, *Total End-Use Energy Consumption Estimates 1960-2013, North Dakota* (available at [http://www.eia.gov/state/seds/data.cfm?incfile=/state/seds/sep\\_use/tx/use\\_tx\\_ND.html&sid=North Dakota](http://www.eia.gov/state/seds/data.cfm?incfile=/state/seds/sep_use/tx/use_tx_ND.html&sid=North%20Dakota)) (last accessed on Sept. 3, 2015).