

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

IN THE MATTER OF THE COMBINED
APPLICATION OF TESORO HIGH
PLAINS PIPELINE COMPANY LLC FOR
A CERTIFICATE OF CORRIDOR
COMPATIBILITY AND ROUTE PERMIT
FOR THE TARGA ANTELOPE
LATERAL CRUDE OIL PIPELINE
PROJECT IN MCKENZIE COUNTY,
AND REQUEST FOR WAIVER OF
PROCEDURES AND TIME SCHEDULES

CASE NO. PU-15-_____

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

In connection with its submission of a consolidated application for a Certificate of Corridor Compatibility and Route Permit (“Consolidated Application”) for a 12-inch crude oil pipeline, approximately 1.4 miles in length, known as the Targa Antelope Lateral Pipeline Project to be located in McKenzie County, North Dakota, (the “Project”), Tesoro High Plains Pipeline Company LLC (“TESORO”) 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”). TESORO 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. In accordance with 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, TESORO’s request includes, but is not limited to:

1. That the Commission waive 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 waiver of procedures and time schedules, 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 waive the hearing requirement for this waiver request and the Consolidated Application in its entirety, unless specifically requested by an interested party, and instead proceed by virtue of the Commission’s notice and opportunity for hearing procedure, or modify the hearing requirement through a procedure deemed appropriate by the Commission, based on the authority of the Commission to waive or modify any procedures or time schedules set forth in the Siting Act. *See* N.D.C.C. § 49-22-07.2

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:** The Project will require installation of an underground steel pipeline that will transport crude oil. As part of the connection to the Targa Resources, Inc. (“Targa”) surface site, TESORO proposes to install meter and receipt facilities within the Targa facility location, along with associated pigging and automation controls required for operation. Additionally, the appropriate tap and pig receiving equipment will be installed adjacent to TESORO’s existing 12-inch main line.

2. **Product:** The Project will transport crude oil.
3. **Size and Design:** The proposed Project will have a maximum operating temperature of 100 degrees Fahrenheit and a maximum operating pressure (“MOP”) of 1,480 pounds per square inch gauge (“psig”). The proposed Project will have a maximum throughput rate of 75,000 barrels per day (“bpd”). The proposed Project will typically operate at approximately 500 psig and will have a normal throughput rate of 30,000 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 1.4 miles to be located in McKenzie County, North Dakota. The Project will traverse due east for 5,100 feet, parallel to 40th St. NW, and then turn south across 40th St. NW approximately 2,400 feet. The proposed Project will connect the Targa surface site with TESORO’s existing main trunk line approximately one mile south of TESORO’s Charlson Station. Maps of the Project are provided in the Consolidated Application, submitted herewith.
5. **Geographic Service Area:** As noted above, the Project will be located in McKenzie County. The Project will enable TESORO to more fully utilize its expansive existing pipeline system, increase the storage and transportation capabilities of its system, and provide increased flexibility in transporting Bakken production to TESORO’s Mandan Refinery and other customer outlets for various Bakken Oil producers. 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:** TESORO proposes to develop the Project on the following schedule:

- November 2015 — TESORO files with the Commission a consolidated application for a Corridor Certificate and Route Permit.
- January 2016 — The Commission issues a Corridor Certificate and Route Permit for the Project.
- January 2016 — Construction is anticipated to begin upon Commission approval.
- March 2016 – The Project is anticipated to be in-service.

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

8. **Deviations from Most Recent Ten Year Plan:** TESORO has included an updated Ten Year Plan in Appendix E of its Consolidated Application submitted herewith.

9. **Cost:** TESORO estimates that the total cost of the Project will be approximately \$8.9 million.

B. Need for the Project and Alternatives Considered.

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

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 Resources Study Project 23 (2008).

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 dramatically from March of 2007 to March of 2013, with a percentage increase of approximately 564 percent.³ While oil production may be down slightly, infrastructure is still necessary to transport the oil produced in North Dakota.

The major constraint in transporting oil from North Dakota to refining centers is the lack of pipeline capacity. Construction of the Project, which includes a short 1.4-mile pipeline, to connect TESORO's existing mainline with the Targa facility will allow expanded use of the already existing TESORO system. TESORO is currently increasing its system capability to increase the pipeline flow rate of its mainline system by approximately 100,000 bpd in order to meet the demand of the increasing drilling and production activity. *See* PSC Case No. PU-13-740. The proposed Project will assist in meeting the need for increased capacity to transport crude oil production safely and economically from the Bakken and Three Forks formations to facilities with access to major markets, which includes increased flexibility in transporting Bakken production to TESORO's Mandan Refinery and other customer outlets for various Bakken Oil producers.

Alternatives to the Project were considered, including a no-action alternative and a truck alternative, but after performing a reasonable and defensible alternative analysis that involved consideration of environmental, engineering and economic factors in a multi-disciplinary and iterative fashion, the Project was determined to be the best alternative. For additional analysis of

² 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 Nov. 5, 2015).

³ North Dakota Department of Mineral Resources, North Dakota Monthly Oil Production Statistics, <https://www.dmr.nd.gov/oilgas/stats/historicaloilprodstats.pdf> (last visited Nov. 5, 2015).

the need for the Project, including a discussion of alternatives evaluated, please see Sections C and D of the Certificate of Corridor Compatibility portion of TESORO's Consolidated Application, which accompanies this waiver application.

C. Waiver Request.

TESORO requests that the Commission grant the waivers requested herein because said waivers are needed to prevent potential delays to expansion of the TESORO system as a whole. As noted above, the very short pipeline segment to be constructed for the Project is needed to allow TESORO to more fully utilize its existing pipeline system, increase the storage and transportation capabilities of its system, and provide increased flexibility in transporting crude oil to TESORO's Mandan Refinery and other customer outlets. Without the waivers of time schedules and procedures requested herein, expansion of the TESORO system will be delayed, which will hinder TESORO from more fully utilizing its existing pipeline system and providing greater transportation options to customers.


Section 49-22-07.2 of the North Dakota Century Code provides that the Commission may waive or modify "any of the procedures or time schedules" set forth in the Siting Act upon a finding that "the proposed facility is of such length, design, location, or purpose that it will produce minimal adverse effects." *See* N.D.C.C. § 49-22-07.2 (emphasis added). Based upon the investigation and analysis set forth in TESORO's Consolidated Application, granting the waivers requested, including waiver or modification of the hearing procedure on the Consolidated Application and this waiver application, is appropriate because the proposed facility will produce minimal adverse effects due to its length (only approximately 1.4 miles), its design (an underground, small-diameter pipeline with few above-ground appurtenances), its location (crossing disturbed agricultural and range lands in rural McKenzie County and avoiding Exclusion and Avoidance Areas), and its purpose (underground transportation 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 D and E of the Route Application portion of TESORO's 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 in this matter.

Dated this 5th day of November, 2015.

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By 
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