

CORRIDOR APPLICATION EXHIBITS – TAB A2

Appendix 2.C Ten Year Plan: 2016 - 2026
Sacagawea Pipeline Company, LLC

TEN YEAR PLAN: 2016-2026
Sacagawea Pipeline Company, LLC

February 2016

In accordance with Section 49-22-04 of the North Dakota Century Code and Chapter 69-06-02 of the North Dakota Administrative Code, Sacagawea Pipeline Company, LLC (“Sacagawea”), submits the following Ten Year Plan for years 2016 through 2026.

- (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.*

Sacagawea currently does not own or operate any transmission or energy conversion facilities in North Dakota. The North Dakota Public Service Commission (“Commission”) has issued to Sacagawea a Certificate of Corridor Compatibility and Route Permit allowing construction of an approximately 70 mile crude oil pipeline (hereinafter referred to as the “Sacagawea Pipeline”) originating at Paradigm Midstream Services’ Keene Crude Oil Terminal located approximately 2.8 miles south of Keene, North Dakota in McKenzie County and terminating at the Palermo Rail Facility owned by Phillips 66 Partners Terminal, LLC in Mountrail Country. *See* Case No. PU-15-114.

Sacagawea has submitted a Certificate of Corridor Compatibility Application and Route Permit Application requesting permission from the Commission to construct an approximately 8 mile crude oil pipeline originating from the Palermo Rail Facility owned by Phillips 66 Partners Terminal, LLC in Mountrail County and terminating at the Enbridge Crude Oil Terminal located in Stanley, North Dakota in Mountrail County (hereinafter referred to as the “Palermo to Enbridge Pipeline”). *See* Case No. PU-15-670. A hearing on this application was held on January 12, 2016 in Stanley, North Dakota.

Sacagawea has submitted a Certificate of Corridor Compatibility Application and Route Permit Application, requesting permission from the Commission to construct an approximately 13 mile crude oil pipeline originating from a location 3 miles east of Johnson’s Corner, North Dakota in McKenzie County and terminating at Paradigm Midstream Services’ Keene Crude Oil Terminal located approximately 2.8 miles south of Keene, North Dakota in McKenzie County (hereinafter referred to as the “Johnson’s Corner Connector Pipeline”). *See* Case No. PU-15-744. This application will be amended to include an interconnect with the Dakota Access, LLC pipeline project recently approved by the Commission in Case No. PU-14-842.

Sacagawea plans to submit a Certificate of Corridor Compatibility Application and Route Permit Application requesting permission from the Commission to construct an approximately 33 mile crude oil pipeline originating from a site approximately 3 miles north of Killdeer, North

Dakota in Dunn County and terminating at the Johnson's Corner Header site owned by Sacagawea in McKenzie County.

Sacagawea may construct other pipeline transmission facilities in McKenzie County to transport crude oil to the Keene Terminal for transport on the Sacagawea Pipeline and other transmission facilities in Mountrail County to deliver crude oil to points other than the Palermo Rail Facility. The need for and timing of other transmission pipeline facilities are subject to further commercial discussions and an expanded open season for Sacagawea.

Sacagawea does not own or operate any facilities that it plans to remove from service during the next ten years.

(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.*

Sacagawea has no proposed energy conversion facilities on which construction is intended within the ensuing five years in North Dakota.

As discussed above, Sacagawea has received approval to construct the Sacagawea Pipeline to be located in McKenzie and Mountrail Counties, North Dakota. See Case No. PU-15-114. The Sacagawea Pipeline will begin at the Keene Crude Oil Terminal located in Section 22, Township 151 North, Range 96 West in McKenzie County and proceed Northeast to Section 15, Township 156, Range 90 West in Mountrail County where it will terminate at the Palermo Rail Terminal Facility.

The proposed Palermo to Enbridge Pipeline will originate from the Palermo Rail Facility in Mountrail County and terminate at the Enbridge Crude Oil Terminal located in Stanley, North Dakota in Mountrail County. See Case No. PU-15-670.

The proposed Johnson's Corner Connector Pipeline will originate from a location 3 miles east of Johnson's Corner, North Dakota in McKenzie County and terminate at Paradigm Midstream Services' Keene Crude Oil Terminal located approximately 2.8 miles south of Keene, North Dakota in McKenzie County. See Case No. PU-15-744.

The proposed 33 mile crude oil pipeline will originate from a site approximately 3 miles north of Killdeer, North Dakota in Dunn County and terminate at the Johnson's Corner Header site owned by Sacagawea in McKenzie County.

Sacagawea evaluated a study area to determine the best location for the placement of the corridor and route for the above projects in order to minimize any potential land use and environmental impacts, maximize public benefits, and to consider design and construction limitations and economics. The proposed location of the route within the corridor for the Sacagawea Pipeline, the Palermo to Enbridge Pipeline, and the Johnson's Corner Connector Pipeline were made in compliance with Chapter 49-22-05.1, as discussed in the corresponding applications for a Certificate of Corridor Compatibility and Route Permit filed with the Commission for the respective project. The proposed location of the route within the corridor for the proposed 33 mile crude oil pipeline in Dunn and McKenzie Counties will also be made in compliance with Chapter 49-22-05.1.

- (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.*

In developing the above-described pipeline projects, Sacagawea coordinated with affected landowners and many local, state, and federal government agencies to eliminate conflicts in land use. Sacagawea does coordinate regionally with producers and shippers of crude oil. However, Sacagawea does not have contact with other pipelines due to confidentiality concerns and potential anti-trust issues.

- (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.*

Sacagawea recognizes the various federal, state, and municipal regulatory agencies within the state of North Dakota that have environmental compliance authority over the construction, operation, and maintenance of its approved and proposed projects. Sacagawea is committed to developing and fostering an ongoing working relationship with each of these agencies.

Sacagawea will collaborate with local Emergency Management officials and planning commissions in the construction of the above discussed projects. Sacagawea is committed to maintaining a strong safety record through emergency preparedness and readiness to mitigate the impact of a pipeline failure. Sacagawea is committed to environmental compliance during the execution of any future projects and will seek the approval of and comply with the conditions of all federal, state, and municipal agencies having jurisdictional authority over the construction and installation of any new facilities.

- (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.*

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.

The major constraint in transporting oil and gas from North Dakota to refining centers is the lack of pipeline capacity. Several major projects have been planned to address the growing volumes, but additional pipeline capacity is still required.

Sacagawea's proposed projects will provide needed capacity to transport increased production of crude oil from the Bakken and Three Forks formations. In addition, to accommodate the ever-increasing Bakken development in northwestern North Dakota, the

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/> (last visited Dec. 15, 2014).

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> (last visited Feb. 2, 2016).

construction of even more processing and transmission infrastructure may be required, and Sacagawea may develop additional facilities to address this need within the next ten years.

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