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March 3, 2016

**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.  
Bear Creek NGL Pipeline Project  
Dunn & McKenzie Counties  
Case No. PU-15-801  
Our File No. 72-591-006

Dear Mr. Nitschke:

Enclosed for filing are eleven copies of ONEOK Bakken Pipeline, L.L.C.'s Proposed Findings of Fact, Conclusions of Law and Order in the captioned case.

Please call should you have any questions. Thank you.

Very truly yours,

John W. Morrison

lh  
enc.

cc: Michael Dailey (via email)

**STATE OF NORTH DAKOTA  
PUBLIC SERVICE COMMISSION**

**ONEOK Bakken Pipeline, L.L.C.  
8-inch NGL Pipeline - McKenzie and Dunn Counties  
Siting Application**

**Case No. PU-15-801**

**PROPOSED FINDINGS OF FACT  
CONCLUSIONS OF LAW, AND ORDER**

\_\_\_\_\_, 2016

**Appearances**

Commissioners Julie Fedorchak and Randy Christmann.

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.

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

Patrick J. Ward, Administrative Law Judge, Office of Administrative Hearings, PO Box 1695, Bismarck, ND 58502-1695, as procedural Hearing Officer.

**Preliminary Statement**

On December 29, 2015, ONEOK Bakken Pipeline, L.L.C., (“ONEOK”) filed applications for a certificate of corridor compatibility and a route permit concerning approximately 38 miles of 8-inch diameter natural gas liquids (“NGL”) pipeline and associated facilities in McKenzie and Dunn Counties, North Dakota. 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 January 20, 2016, the Commission found the applications complete and issued a Notice of Filings and Notice of Hearing scheduling a public hearing on February 22, 2016 at 9:00 a.m. MST at Killdeer City Hall, 165 Railroad Street SE, Killdeer, ND 58640.

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 February 22, 2016, 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 Commission 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 on April 10, 2015 in Case No. PU-13-739.

### **Need for Facility**

2. ONEOK Rockies Midstream, L.L.C. ("ORM"), an affiliate of ONEOK, is currently constructing the Bear Creek Gas Plant in Dunn County which will process approximately 80,000 mcf per day of natural gas produced in association with oil in Western North Dakota. 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 also operated by ORM. ONEOK is proposing to construct an NGL pipeline to connect the Bear Creek Gas Plant with an existing NGL line at or near the Targa Gas Plant in McKenzie County. The only alternative to constructing such a pipeline to truck the NGLs from the Bear Creek Gas Plant to the Targa Gas Plant or some other location from which they could be marketed.

### Size, Type and Preferred Location of Facility

3. The proposed facilities (the "Project") consist of approximately 37 miles of new pipe. When the application was filed, ONEOK proposed two alternative end points for interconnection, including one on the west side of Highway 85 which would have required a total pipeline length of approximately 38 miles. By the time of the hearing, ONEOK had completed negotiations for a connection at the Targa Gas Plant on the east side of Highway 85 which will result in the line being approximately 37 miles in length. Associated facilities include an isolation valve and a launcher at the beginning point of the Project, four mainline block valves, and a receiver with an additional isolation valve at the terminus of the Project.

4. Approximately 65% of the Project will be co-located with other pipeline facilities.

### Project Design

5. The proposed pipe will have an 8-inch nominal diameter and wall thickness of 0.188 inches, except that a wall thickness of 0.219 inches will be used for road crossings and a wall thickness of 0.250 inches will be used for crossing the Little Missouri River.

6. The maximum operating pressure of the pipeline will be 1440 psi and its capacity will be 14,000 barrels of NGLs per day.

### Study of Preferred Location

7. ONEOK first identified a preferred route based on connection of the Bear Creek Plant to its existing NGL system. It mapped and considered high consequence areas such as populated areas, wetlands, and areas of cultural significance and considered the existence of unfavorable constructability or operational features and the desire to maximize co-location. Once it arrived at the shortest route which served these goals, ONEOK identified an area consisting of a one-mile wide buffer (Study Area) centered on the preferred route and evaluated the Study Area for the Exclusion, Avoidance, Selection and Policy criteria of the Commission.

8. ONEOK conducted a Class I cultural resource literature search on the Study Area centered on the proposed route.

9. 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.

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

#### Siting Criteria

11. 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.

12. ONEOK evaluated the Project for the Exclusion, Avoidance, Selection, and Policy criteria of the Commission.

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

14. 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.

15. 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.

16. Significant cultural sites were identified by third parties in the area immediately west of the Bear Creek Plant. Additionally, the Class III cultural survey identified seven sites that require further evaluation. The State Historic Preservation Office ("SHPO") has concurred with a determination of "no significant sites affected" with the exception of these 8 sites. By letter dated after the hearing in this matter and filed with the Commission, SHPO has concurred with a treatment plan recommended by ONEOK's consultant for the site west of the Bear Creek Plant. ONEOK intends to further evaluate the remaining seven sites when weather conditions permit, and either obtain SHPO concurrence on those sites, or avoid the sites by appropriate construction measures or reroute of the project if necessary.

17. Seven occupied structures are located within 500 feet of the Project. ONEOK obtained and filed with the Commission from all owners.

18. The Little Missouri National Grasslands are included within the corridor and will be crossed by the Project. However, ONEOK is in the process of obtaining the necessary permits to cross those lands from the United States Forest Service, and that crossing would be within a previously cleared right of way and would follow an existing pipeline.

19. There are five areas of geological instability which will be intersected by the Project but any impact will be mitigated by construction techniques that will restore the areas to their original condition.

20. The Killdeer Mountain Four Bears Scenic Byway is also crossed by the Project, but the only impact from the Project will be short-term visual impact.

21. No other exclusion or avoidance areas were included within the Environmental Study Area or affected by the route.

22. ONEOK testified that there is no reasonable alternative to crossing these resources. Additionally, the Commission finds that crossing the resources is justified by the proposed management of adverse impacts, the need for orderly siting of facilities, the need for system reliability and integrity, the efficient use of resources, and the absence of identified alternative routes which would completely avoid such resources.

23. 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

24. 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 valves at the beginning and terminus of the Project can be shut-down remotely and doing so will effectively isolate the pipeline. ONEOK will also have employees on the ground in Watford City who can respond to any issue.

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

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

27. ONEOK also agreed to a number of steps to mitigate the impact of the Project as indicated by the Amended 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.

28. 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 37 mile 8-inch steel NGL transmission pipeline and associated facilities in McKenzie and Dunn Counties, North Dakota. For purposes of the Certificate, the Corridor is approximately 37 miles long and 250-foot wide centered on the pipeline route designated in this order.
3. Route Permit No. \_\_\_ is issued to ONEOK, designating a route in McKenzie and Dunn Counties, North Dakota, for the construction and operation of a 37-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 1).
4. The Amended 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 on a particular segment of the proposed Project, ONEOK shall obtain all other necessary licenses and permits for construction of such segment, including without limitation appropriate approval by SHPO with respect to the remaining seven unevaluated sites, and provide copies to the Commission prior to construction of each segment.

## PUBLIC SERVICE COMMISSION

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**Randy Christman**  
Commissioner

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**Julie Fedorchak**  
Chairman

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**Brian Kalk**  
Commissioner