

June 16, 2016

Fredrikson
& BYRON, P.A.

VIA HAND DELIVERY

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



**RE: NST Express, LLC's Consolidated Application for a Certificate of Corridor Compatibility and Route Permit, and Waiver Application
Case No. PU-16-_____**

Dear Mr. Nitschke:

NST Express, LLC respectfully submits herewith an original and ten (10) copies of the following documents in connection with the above-referenced matter:

1. Application for Waiver or Reduction of Procedures and Time Schedules (separate original; copies included in consolidated application); and
2. Consolidated Application For a Certificate of Corridor Compatibility and a Route Permit.

Also enclosed are four CDs: (1) a CD containing an electronic copy of a Class I and Class III Cultural Resources Inventory Report (which is non-public); (2) a CD containing GIS data associated with the cultural resources report (which is also non-public); (3) a CD containing electronic copies of this letter and the other above-referenced public documents; and (4) a CD containing public GIS data. A check in the amount of \$34,000.00 for the filing fee required pursuant to Section 49-22-22 of the North Dakota Century Code is also enclosed.

By copy of this letter, the McKenzie County Auditor is being served with a copy of the enclosed documents in accordance with Section 69-06-05-01(4) of the North Dakota Administrative Code.

If you have questions, please let me know.

Sincerely,

MOLLIE M. SMITH

MMS/ms/58933712
Enclosures

cc: Ms. Linda Svihovec, McKenzie County Auditor (via Federal Express, w/encl.)
Chip Lang (via e-mail, w/o encl.)
Matt Conway (via e-mail, w/o encl.)
Boe Gregson (via e-mail, w/o encl.)

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NORTH DAKOTA

IN THE MATTER OF THE APPLICATION
OF NST EXPRESS, LLC, FOR A
CERTIFICATE OF CORRIDOR
COMPATIBILITY AND ROUTE PERMIT
FOR THE WTT PIPELINE PROJECT IN
MCKENZIE COUNTY, NORTH DAKOTA

CASE NO. PU-16-_____

**Application of NST Express, 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 the construction of an approximately 3.6-mile long, 8-inch crude oil pipeline and associated facilities, located in McKenzie County, North Dakota (the “Project”), NST Express, LLC (“NST Express”), 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 (“N.D.C.C.”) and Article 69-06 of the North Dakota Administrative Code (“N.D.A.C.”). In accordance with N.D.C.C. § 49-22-07.2 and N.D.A.C. Ch. 69-06-06, NST Express requests that the Commission waive the following requirements:

1. The requirements to hold a separate hearing on a waiver request, a Certificate of Corridor Compatibility (“Corridor Certificate”) application and a Route Permit application, as may be required by N.D.C.C. §§ 49-22-07.2, 49-22-08, 49-22-08.1, and 49-22-13 and N.D.A.C. § 69-06-01-02. NST Express requests that the Commission hold a single consolidated hearing on this waiver request and NST Express’s Consolidated Application. NST Express also requests that the

Commission shorten the three-month period specified in N.D.C.C. § 49-22-08(5), and the six-month period specified in N.D.C.C. § 49-22-08.1(5).

2. The requirements of N.D.C.C. §§ 49-22-08 and 49-22-08.1 insofar as these sections may require the separate filing of applications for a Corridor Certificate and a Route Permit, and insofar as they require separate publication of notices for said applications.

Consistent with the N.D.A.C. § 69-06-06-01(2), NST Express 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 from an existing Tesoro Logistics GP, LLC (“Tesoro”) crude-oil, break-out tank located approximately 6 miles north of Alexander, North Dakota (“Tesoro Break-Out Tank”), to an NST Express market hub facility located approximately 9 miles northwest of Alexander, North Dakota (“NST Express Alexander Facility”), which is permitted and currently under construction.

Facilities to be installed at the Tesoro Break-Out Tank site include a valve, a strainer, a pumping station (consisting of a booster pump and a modular meter pump), a meter, a pig launcher, and equipment and panels for Programmable Logic Controller/Open Multi-Network Integration Control Equipment and Supervisory Control and Data Acquisition (“SCADA”) communications. In addition, 16-inch diameter pipe will be installed between the Tesoro Break-Out Tank and the booster pump. Facilities installed at the NST Express Alexander Facility will include a pig receiver, a meter, piping to reach the interconnection point, and equipment and

panels for Programmable Logic Controller/Open Multi-Network Integration Control Equipment and SCADA.

2. **Product**: The Project will transport Light Sweet Crude Oil.
3. **Capacity and Design**: The Project will require installation of an 8.625-inch outside diameter steel pipeline with a nominal wall thickness of 0.250 inch. The nominal wall thickness will increase to 0.322 inches for HDD installation locations. The pipe material will be API-5L CS X52.

Additionally, between the Tesoro Break-Out Tank and the booster pump, 16-inch outside diameter carbon steel pipe will be installed, with a nominal wall thickness of 0.375 inch. The 16-inch pipe material will be API-5X CS X52.

The pipeline is designed for a maximum operating pressure (“MOP”) of 1,440 pounds of pressure per square inch gauge (“psig”) and maximum temperature of 100 degrees Fahrenheit. The maximum design flow rate for the new pipeline is 40,000 barrels per day (“bpd”). The steel pipeline utilized for the Project will meet United States Department of Transportation regulations, specifically the design criteria outlined in 49 C.F.R. Part 195, Subpart C. The Project will be constructed, operated, and maintained in accordance with 49 C.F.R. Part 195.

Above-ground associated facilities for the Project will be installed at two locations: (1) within the Tesoro Break-Out Tank site, located approximately 6 miles north of Alexander, North Dakota, in Section 5, Township 151 North, Range 101 West, McKenzie County, North Dakota; and (2) within the NST Express Alexander Facility, located approximately 9 miles northwest of Alexander, North Dakota, in Section 24, Township 152 North, Range 102 West, McKenzie County, North Dakota. The Project’s above-ground facilities will consist of the components described in Section A.1 above.

For additional information regarding the capacity and design of the proposed Project, please see Sections 1.0 and 9.0 of NST Express's Consolidated Application, which accompanies this waiver application.

4. **Location:** The total length of the Project is approximately 3.6 miles, all of which is located in McKenzie County, North Dakota. The pipeline will originate at the Tesoro Break-Out Tank and will extend to the NST Express Alexander Facility. Maps of the proposed Project are provided in Appendix A to the Consolidated Application provided herewith.

5. **Geographical Service Area:** As noted above, the Project is entirely located in McKenzie County, North Dakota, and will transport crude oil between the existing Tesoro Break-Out Tank, located north of Alexander, North Dakota, and the NST Express Alexander Facility, located northwest of Alexander, North Dakota. From there, the crude oil can be transported via the NST Express Pipeline to the NST Transload East Fairview Facility near East Fairview, North Dakota, or via third-party interconnecting pipelines. The NST Transload East Fairview Facility transports crude oil via the Burlington Northern Santa Fe ("BNSF") Railway to the west, east, and potentially Gulf Coast markets. The immediate area served by the Project will be western North Dakota; however, the final destination of the crude oil transported by the Project will be refining markets throughout the United States.

6. **Time Schedule:** NST Express proposes to develop the Project on the following schedule:

- June 2016 — NST Express files the Consolidated Application with the Commission.
- September 2016 — The Commission issues a Certificate of Corridor Compatibility and Route Permit for the Project.
- Fall 2016 — NST Express will begin construction of the Project.

- October 2017 — NST Express will have completed construction of the Project.
- Commissioning and restoration activities will commence immediately following construction of the Project, and the Project will be in service by December 2017.

7. **Future Plans:** NST Express has no specific plans for additions to or modifications of the Project at this time.

8. **Need for the Facility 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”) and North Dakota Geological Survey (“NDGS”) in 2008 on the Bakken formation¹ and in 2010 on the Three Forks formation² indicate that between 2.1 and 6.3 billion barrels of recoverable reserves are available in the Bakken and Three Forks formations within the State of North Dakota, with 4.0 billion barrels described as the most likely amount. More recently, the U.S. Geological Survey estimated there may be 7.4 billion barrels of undiscovered recoverable oil in the entire Bakken and Three Forks formations, spanning Montana, North Dakota, and South Dakota.³ Statistics from the NDDMR indicate that oil production has increased

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).

² Helms, L. and Nordeng, S. North Dakota Department of Mineral Resources. Bakken Source System, Three Forks Formation Assessment (2010).

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). Web access in May 2016 at: <http://pubs.usgs.gov/fs/2013/3013/>.

dramatically over the past ten years from an average of nearly 110,000 bpd in 2006 to an average of over 1,180,000 bpd in 2015.⁴

Insufficient pipeline infrastructure exists to gather and transport crude oil in western North Dakota generally and, with respect to the Project, no pipeline infrastructure currently exists between the Project's origination and termination points. The Project will provide an additional outlet for crude oil from the Tesoro system, thereby removing an existing capacity constraint and enabling additional crude oil barrels to enter the system. Currently, transporting crude oil in western North Dakota involves significant movement of crude oil by tanker truck over public roadways, with resulting public safety and roadway infrastructure impacts. The Project will help address these issues by providing the safe, efficient, and reliable transport of up to 40,000 bpd of crude oil via pipeline to be distributed to markets located throughout the United States via third-party pipeline interconnections or by rail.

For additional analysis of the need for the proposed Project, including a discussion of alternatives evaluated, please see Sections 3.0 and 13.0 of the Consolidated Application, which accompanies this waiver application.

9. **Ten Year Plan.**

The Project is consistent with NST Express's Ten Year Plan for 2016-2026, which was filed with the Commission on June 7, 2016.

10. **Cost.**

NST Express estimates that it will cost approximately \$6.8 million to develop the Project.

⁴ North Dakota Department of Mineral Resources. North Dakota Monthly Oil Production Statistics. Web access in May 2016 at: <https://www.dmr.nd.gov/oilgas/stats/historicaloilprodstats.pdf>.

B. Waiver Request.

NST Express requests that the Commission grant the waivers requested herein because these waivers are needed to prevent potentially significant delays to the Project. As noted above, the Project is needed to provide an additional outlet for crude oil from the Tesoro system and, in doing so, will provide a safe and economical means of gathering crude oil and transporting it between the Tesoro Break-Out Tank and the NST Express Alexander Facility for ultimate distribution to crude oil markets located throughout the United States. Without the waivers of time schedules and procedures requested, completion of NST Express's proposed Project will be delayed and the Project will not be able to satisfy the immediate need to eliminate the existing capacity constraint on the Tesoro system.

N.D.C.C. § 49.22-07.2 provides that the Commission may waive procedures and time schedules upon a finding that "the proposed facility is of such length, design, location, or purpose that it will produce minimal adverse effects." Based upon the investigation and analysis set forth in NST Express's Consolidated Application, granting the waivers requested is appropriate because the proposed facility will produce minimal adverse effects due to its length (approximately 3.6 miles), its design (an underground, small-diameter pipeline with limited above-ground appurtenances, all of which are located within the boundaries of planned and existing facility sites), its location (located in rural McKenzie County, North Dakota, avoiding Exclusion and Avoidance Areas, as set forth in N.D.A.C. § 69-06-08-02, and paralleling existing infrastructure for the majority of its length), and its purpose (underground transportation of crude oil).

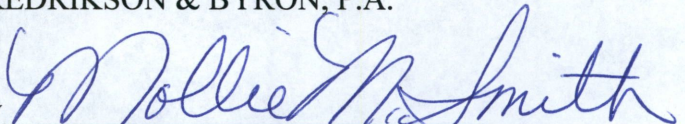
In determining whether the proposed facility will result in adverse impacts on the environment, NST Express evaluated the impacts of the Project considering the siting criteria set

forth in N.D.A.C. § 69-06-08-02 and the factors set forth in N.D.C.C. § 49-22-09. Impacts associated with the Project, and mitigation measures that will be taken with respect to said impacts, are summarized in Section 11.0, and in Sections 14.0 through 20.0 of the Consolidated Application. Based upon NST Express's siting criteria evaluation, the proposed facility will have minimal adverse effects.

Accordingly, NST Express respectfully requests that the Commission grant the requested waivers and render an expeditious decision.

Dated this 13th day of June, 2016.

FREDRIKSON & BYRON, P.A.

By 

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