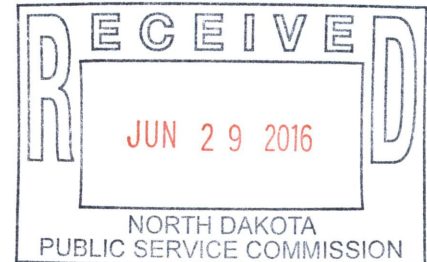


June 29, 2016

**VIA HAND-DELIVERY**

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



**RE: Hawthorn Oil Transportation  
(North Dakota) Inc.'s Ten-Year  
Plan for 2016-2026  
Case No. PU-16-\_\_**

Dear Mr. Nitschke:

Please find enclosed herewith for filing an original and ten copies of the following:

1. Hawthorn Oil Transportation (North Dakota) Inc.'s Ten-Year Plan: 2016-2026;  
and
2. Hawthorn Oil Transportation (North Dakota) Inc.'s Notice of Filing Ten Year  
Plan: 2016-2026.

A CD containing a copy of each of the above-referenced documents in PDF format is also enclosed. Should you have any questions, please advise.

Sincerely,

A handwritten signature in blue ink that reads "Danielle M. Krause".

DANIELLE M. KRAUSE

Enclosures

cc: Cary Loughman – (w/encl. – via e-mail)

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Attorneys & Advisors  
main 701.221.8700  
fax 701.221.8750  
fredlaw.com

Fredrikson & Byron, P.A.  
1133 College Drive, Suite 1000  
Bismarck, North Dakota 58501-1215

1

**PU-16-391 Filed: 6/29/2016 Pages: 9**  
**Ten Year Plan 2016 – 2026 & Notice of Filing**

**TEN YEAR PLAN: 2016-2026**  
**Hawthorn Oil Transportation (North Dakota), Inc.**

**July 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, Hawthorn Oil Transportation (North Dakota), Inc. (Hawthorn), 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.*

Hawthorn currently owns and operates an approximately 6-mile-long, 8-inch crude oil pipeline located in Mountrail County, North Dakota. The North Dakota Public Service Commission (Commission) issued Certificate of Corridor Compatibility No. 110 and Route Permit No. 120 to Hawthorn for the pipeline on December 10, 2009 (*see* Case No. PU-09-153). The pipeline extends from a transfer facility south of Stanley, North Dakota (HPS 1) that includes a Lease Automatic Custody Transfer (LACT) unit along with a shipping pump and associated equipment, to a storage facility for a rail transportation facility owned by EOG Resources Railyard (North Dakota), Inc. (EOG Resources), located northeast of Stanley, North Dakota. The pipeline has a capacity of approximately 60,000 barrels per day.

Hawthorn had previous plans to construct, own, and operate a second pipeline within the approved corridor as described in the Siting Exclusion Certification and supporting documentation, filed with the Commission on May 28, 2014 (*see* Case No. PU-14-256). However, that project has been cancelled.

While Hawthorn is assessing various potential projects that may provide additional crude oil outlets, other than the EOG Resources railyard, Hawthorn has no current plans to construct, own, or operate any other facilities in North Dakota during the next ten years. In addition, Hawthorn 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.*

At this time, Hawthorn has no firm plans to construct additional transmission pipeline facilities within the next five years. However, Hawthorn's customers continue to expand their operations, which has the potential to require expanded system capacity to accommodate crude

oil production in western North Dakota. Any required facilities subject to Public Service Commission jurisdiction will be properly sited in accordance with Section 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.*

Hawthorn will continue to reach out to and work with the owners of other crude oil pipelines to develop interconnects in order to maximize the efficient use of collective pipeline capacity within western North Dakota. However, in some cases pipelines do compete for some of the same business which may restrict the ability to coordinate.

- (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.*

In developing and siting the above-described pipeline project, Hawthorn coordinated with affected landowners and many local, state, and federal government agencies to eliminate conflicts in land use. Hawthorn 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.*

Crude oil production in the catchment area of the pipeline has been in decline recently due to decreased prices and over supply. Analysts appear divided on whether prices are stabilizing and whether supply will continue to outstrip demand. Additionally, new pipelines are underway which could dramatically reduce the need for crude by rail out of North Dakota, if and when completed.

With the recent volatility in crude oil prices and, as a result, crude oil production, and the anticipated additional pipeline takeaway projects underway, the current transportation service provided by Hawthorn pipelines during the next ten years and beyond remains in question. As noted above, repurposing of the Hawthorn pipeline (e.g. interconnections with new pipelines for outbound pipeline transportation), may make sense in the near term, but no projects have been finalized at this time.

STATE OF NORTH DAKOTA  
PUBLIC SERVICE COMMISSION

Case No. PU-16-\_\_\_

IN THE MATTER OF THE FILING OF A TEN  
YEAR PLAN BY HAWTHORN OIL  
TRANSPORTATION (NORTH DAKOTA), INC.

**CERTIFICATE OF SERVICE**

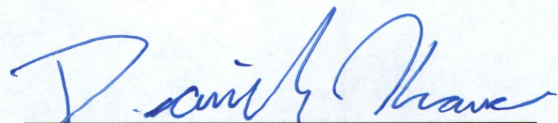
Danielle Krause, being first duly sworn, does depose and state that on June 29, 2016, the following document was served:

**Ten Year Plan: 2016-2026  
Hawthorn Oil Transportation (North Dakota), Inc.**

by placing a true and correct copy of said document in an envelope addressed as follows:

Stephanie Pappa  
Mountrail County Auditor  
PO Box 69  
Stanley, ND 58784-0069

and depositing the same, with postage prepaid, in the United States mail at Bismarck, North Dakota.

  
Danielle M. Krause

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STATE OF NORTH DAKOTA  
PUBLIC SERVICE COMMISSION

Case No. PU-16-\_\_\_\_\_

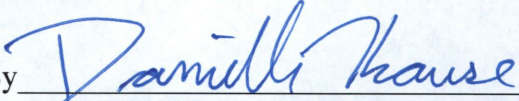
IN THE MATTER OF THE FILING OF A TEN  
YEAR PLAN BY HAWTHORN OIL  
TRANSPORTATION (NORTH DAKOTA), INC.

**NOTICE OF FILING TEN YEAR PLAN  
2016-2026**

**PLEASE TAKE NOTICE** that Hawthorn Oil Transportation (North Dakota), Inc., has, this date, in accordance with Section 49-22-04 of the North Dakota Century Code and Chapter 69-06-02 of the North Dakota Administrative Code, filed with the North Dakota Public Service Commission and the Mountrail County, North Dakota Auditor, a Ten Year Plan for the years 2016 through 2026.

Dated this 29th day of June, 2016.

FREDRIKSON & BYRON, P.A.

By   
LAWRENCE BENDER, ND Bar #03908  
DANIELLE M. KRAUSE, ND Bar #06874  
*Attorneys for Hawthorn Oil Transportation  
(North Dakota), Inc.*  
1133 College Drive, Suite 1000  
Bismarck, ND 58501-1215  
(701) 221-8700  
lbender@fredlaw.com  
dkrause@fredlaw.com

**CERTIFICATE OF SERVICE**

I, the undersigned, hereby certify that a true and correct copy of the following document:

**NOTICE OF FILING TEN-YEAR PLAN: 2016-2026**

was on the 29th day of June, 2016 served by placing the same in the United States mail, postage prepaid, properly addressed to the following:

North Dakota Aeronautics Commission  
P.O. Box 5020  
Bismarck, ND 58502-5020

North Dakota Office of Attorney General  
State Capitol  
600 E. Boulevard Ave.  
Dept. 125  
Bismarck, ND 58505

North Dakota Dept. of Agriculture  
600 E. Boulevard Ave.  
Dept. 602  
Bismarck, ND 58505-0020

North Dakota Dept. of Health  
600 E. Boulevard Ave.  
Bismarck, ND 58505-0200

Dept. of Human Services  
600 E. Boulevard Ave.  
Dept. 325  
Bismarck, ND 58505-0250

North Dakota Dept. of Labor  
600 E. Boulevard Ave.  
Dept. 406  
Bismarck, ND 58505-0340

Department of Vocational Education  
c/o Career and Technical Education  
State Capitol, 15th Floor  
600 E. Boulevard Ave., Dept. 270  
Bismarck, ND 58505-0610

North Dakota Dept. of Commerce  
PO Box 2057  
Bismarck, ND 58502-2057

Energy Development Impact Office  
North Dakota State Land Dept.  
P.O. Box 5523  
Bismarck, ND 58506-5523

North Dakota Game and Fish Department  
100 N. Bismarck Expressway  
Bismarck, ND 58501-5095

North Dakota Geological Survey  
600 E. Boulevard Avenue  
Bismarck, ND 58505-0840

Office of Governor Jack Dalrymple  
State of North Dakota  
600 E. Boulevard Ave.  
Bismarck, ND 58505-0001

North Dakota State Highway Department  
115 D Street  
Richardton, ND 58652

North Dakota Department of Transportation  
608 E. Boulevard Ave.  
Bismarck, ND 58505-0700

State Historical Society  
of North Dakota  
612 E. Boulevard Ave.  
Bismarck, ND 58505-0830

North Dakota Indian Affairs Commission  
600 E. Boulevard Ave.  
1st Floor - Judicial Wing, Rm. 117  
Bismarck, ND 58505-0300

Job Service North Dakota  
P.O. Box 5507  
Bismarck, ND 58506-5507

North Dakota State Land Dept.  
1707 North 9th Street  
P.O. Box 5523  
Bismarck, ND 58506-5523

North Dakota Parks and Recreation Dept.  
1600 E. Century Ave., Suite 3  
Bismarck, ND 58503-0649

Division of Community Services  
Dept. of Commerce  
1600 E. Century Ave., Suite 2  
PO Box 2057  
Bismarck, ND 58502-2057

North Dakota State Soil Conservation Committee  
c/o NDSU Extension Service  
2718 Gateway Ave., Suite 104  
Bismarck, ND 58503

North Dakota State Water Commission  
900 E. Boulevard Ave., Dept. 770  
Bismarck, ND 58505-0850

North Dakota Industrial Commission  
600 East Boulevard Ave Dept 405  
Bismarck, ND 58505-0840

United States Department of Defense  
1400 Defense Pentagon  
Washington, DC 20301-1400

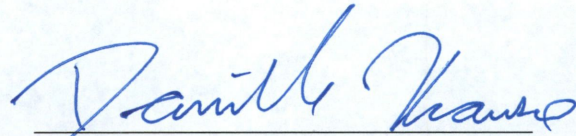
United States Fish and Wildlife Service  
North Dakota Field Office  
3425 Miriam Avenue  
Bismarck, North Dakota 58501-7926

Federal Aviation Administration  
800 Independence Ave, SW  
Washington, DC 20591

North Dakota Transmission Authority  
State Capitol 14th Floor, 600 E. Boulevard Ave. Dept. 405  
Bismarck, ND 58505-0840

North Dakota Pipeline Authority  
State Capitol 14th Floor  
600 E. Boulevard Ave. Dept. 405  
Bismarck, ND 58505-0840

Mountrail County Commission  
PO Box 875  
New Town ND 58763-0875

  
Danielle M. Krause

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