

July 1, 2016

HAND-DELIVERED

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



**RE: Hiland Crude, LLC'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. Hiland Crude, LLC's Ten-Year Plan: 2016-2026; and
2. Hiland Crude, LLC's Notice of Filing Ten Year Plan: 2016-2026.

A CD containing 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: Bill Wolf – (w/encl. – via e-mail)

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Attorneys & Advisors
main 701.221.8700
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1133 College Dr
Bismarck, North
58501-1215

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PU-16-482
2016 Ten Year Plan

Filed: 7/1/2016

Pages: 11

TEN YEAR PLAN: 2016-2026

Hiland Crude, LLC

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, Hiland Crude, LLC, successor in interest to Banner Transportation Company, LLC (“Hiland”), 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.*

Hiland operates the Market Center Pipeline system (“Market Center Pipeline”), which consists of approximately 197 miles of 8-inch steel crude oil pipeline, all of which is located in McKenzie, Williams, and Mountrail Counties, North Dakota. The pipeline transports crude oil from Williams, McKenzie, and Mountrail Counties to major markets via (1) Enbridge’s pipeline using a connection at Beaver Lodge; (2) COLT Rail Hub using a connection near Epping, North Dakota; (3) Plains’ Bakken North Pipeline at Trenton Station, Savage Rail Station, and Enbridge Trenton Station using connections near Trenton, North Dakota; (4) Musket Rail using a loading station near Dore, North Dakota with a connection to Hiland’s Double H pipeline at this location; and (5) Bridger’s Four Bears pipeline using a connection near Johnson’s Corner. *See* PSC Docket No. PU-13-136.

Hiland also operates the Dore Crude Oil Loop Pipeline (“Dore Pipeline”), which consists of approximately 13 miles of 12-inch steel crude oil pipeline and associated facilities located in McKenzie County, North Dakota. The Project parallels and interconnects with Hiland facilities on the Musket Lateral and/or the Dore Segment of Hiland’s Market Center Pipeline from the Dore Junction to the Dore Terminal near Dore, North Dakota. *See* PSC Docket No. PU-14-840.

Additionally, Hiland operates the New Town Expansion Project, which consists of 42.5 miles of 8-inch steel crude oil pipeline and associated facilities located in Mountrail County, North Dakota. The New Town Expansion Project originates five miles southwest of Ross, North Dakota at Hiland’s White Earth Injection Station and runs 42.5 miles to the south-southwest, terminating at the Dakota Plains Holdings Inc.’s Pioneer rail terminal, approximately 1.5 miles southeast of New Town, North Dakota. *See* PSC Docket No. PU-15-416.

Hiland also operates the Alexander Tank Farm Crude Oil Pipeline (“Alexander Pipeline”), which consists of approximately 4.5 miles of 8-inch steel crude oil pipeline and associated facilities located in McKenzie County, North Dakota. The Alexander Pipeline originates five miles north-northeast of Alexander, North Dakota, at a connection with Hiland’s

Market Center System and runs 4.5 miles to the north to Hiland's Alexander Station. See PSC Docket No. PU-15-486.

The Dore Pipeline, the New Town Expansion Project, and the Alexander Pipeline all interconnect with the Market Center Pipeline, which transports crude oil from Williams, McKenzie, and Mountrail Counties to major markets as set forth above.

Over the next ten years, Hiland may pursue the expansion of its North Dakota facilities depending on market needs. However, specific expansion plans have not yet been developed.

Hiland 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, Hiland has no firm plans to construct additional transmission pipeline facilities within the next five years. However, Hiland's customers continue to expand their operations, which has the potential to require expanded Hiland system capacity as well as further extension of Hiland's system to accommodate the continued growth of 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.*

Hiland 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. In some cases pipelines do compete for some of the same business which may restrict the ability to coordinate. In the future, the strategic position of the Project will encourage the development of pipeline gathering laterals and receipt points and outlet connections with third party pipelines along the pipeline route.

- (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 projects, Hiland coordinated with affected landowners and many local, state, and federal government agencies to eliminate conflicts in land use. Hiland 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 to six years from approximately 263,000 bpd in 2010 to over 1,000,000 bpd in April 2016.⁴

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 it is possible that pipeline capacity may still not keep pace with the production, leaving incremental volumes to find alternative transportation methods, primarily by truck and rail.

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 June 20, 2016).

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/> (last visited June 20, 2016).

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 June 20, 2016).

Hiland's existing transmission facilities provide a safe and efficient mechanism to transfer crude oil to existing and new outlets. In addition, to accommodate the Bakken development in northwestern North Dakota, the construction of even more transmission infrastructure may be required, and Hiland may develop additional facilities to address this need within the next ten years.

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Case No. PU-16-___

IN THE MATTER OF THE FILING OF A TEN
YEAR PLAN BY HILAND CRUDE, LLC

CERTIFICATE OF SERVICE

Danielle Krause, being first duly sworn, does depose and state that on July 1, 2016, the following document was served:

**Ten Year Plan: 2016-2026
Hiland Crude, LLC**

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

Linda Svihovec
McKenzie County Auditor
201 5th Street NW, Suite 543
Watford City, ND 58854

Beth Innis
Williams County Auditor
P.O. Box 2047
Williston, ND 58802-2047

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 HILAND CRUDE, LLC

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

PLEASE TAKE NOTICE that Hiland Crude, LLC, 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 McKenzie, Mountrail, and Williams County, North Dakota Auditors, a Ten Year Plan for the years 2016 through 2026.

Dated this 1st day of July, 2016.

FREDRIKSON & BYRON, P.A.

By 

Lawrence Bender, ND Bar #03908
Danielle M. Krause, ND Bar #06874
Attorneys for Hiland Crude, LLC
1133 College Drive, Suite 1000
Bismarck, ND 58502-1855
lbender@fredlaw.com
dkrause@fredlaw.com
(701) 221-8700

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 1st day of July, 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

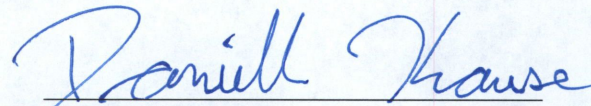
North Dakota Transmission Authority
State Capitol 14th Floor, 600 E. Boulevard Ave. Dept. 405
Bismarck, ND 58505-0840

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

McKenzie County Commission
201 5th St NW, Ste. 543
Watford City, ND 58854

Williams County Commission
205 E Broadway
Williston, ND 58801


Danielle M. Krause