

June 21, 2017

HAND-DELIVERED

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



**RE: Arrow Field Services, LLC
Case No. PU-17-048**

Dear Mr. Nitschke:

On June 19, 2017, Arrow Field Services, LLC, a wholly owned subsidiary of Crestwood Equity Partners LP ("Crestwood") received a request for additional information from the North Dakota Public Service Commission ("Commission") regarding the Project at issue in the above-entitled matter. To that end, please find enclosed herewith for filing a letter report addressing the improvements made by Crestwood to prevent future spills or leakage on the Arrow Gathering System.

The Commission also inquired as to how the proposed Project differs from past transmission lines that have resulted in spills. Crestwood believes the Commission is likely referencing the spills that were discussed during the public input portion of the hearing on this matter. There are several very important distinctions between those assets and the Project presently pending before the Commission.

First, the pipelines from which the spills occurred were acquired from a previous owner. Crestwood was not involved in the construction of those pipelines, and was not able to implement or oversee construction practices. Crestwood was limited to resolving issues with these assets after their acquisition. Crestwood has worked closely with local and federal authorities to ensure Crestwood responded above and beyond what a prudent operator would do in such a situation. As set forth in the attached letter report, Crestwood has undertaken significant efforts to remedy and prevent future issues.

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

Additionally, the pipelines at issue are not transmission pipelines, but instead are part of a gathering system. Typically, transmission pipelines are simpler, less complicated "networks" and easier to monitor for potential anomalies. The added level of expertise brought by Crestwood combined with the oversight provided by the Commission for construction of the Project as a transmission line, along with applicable Pipeline Hazardous Materials Safety Administration (PHMSA) regulations and other standards, distinguishes the Project from other pipelines acquired by Crestwood.

Also as discussed at the hearing, the pipeline to be utilized for the Project is comprised of different material than the gathering system. The pipelines involved with the spills at issue were constructed with Fiberspar pipe. To the contrary, the Project will involve 10.750-inch outside diameter steel pipeline with a nominal wall thickness of 0.365 inch for the residue gas pipeline and a nominal 8.625-inch outside diameter steel pipeline, with a nominal wall thickness of 0.322 inch for the NGL pipeline. The pipe material will be API 5L X42, which is suitable for use in the transportation of gas and other liquids, such as the Project.

As a whole, the Project will be designed, constructed, maintained, inspected, and operated to meet or exceed the U.S. Department of Transportation PHMSA regulations, and in accordance with industry standards and company policies. Under these requirements, the Project will have a functional monitoring system that monitors volumes and pressures, which the other assets did not have at the time they were acquired. External protective coating and cathodic protection will also be used to prevent external pipeline corrosion. The welds will be x-rayed and the Project will be hydrostatically tested prior to being placed in service. Regular internal pipeline inspections using in-line inspection tools to detect internal anomalies, including corrosion or denting, will also occur.

Because Crestwood will be directly involved with construction of the Project, Crestwood can immediately begin the oversight as a prudent operator for all stages of the Project, including construction, operation, maintenance, and restoration. Crestwood has no objection to the information responsive to the questions of the Commission being added to the record in this matter.

Should you require any additional information, please advise.

Sincerely,



DANIELLE M. KRAUSE

Enclosure

cc: Jack Schuh (via e-mail)
Jerry Lein (via e-mail)

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June 20, 2017

Since the unintentional pipeline release in July 2014 on the Arrow Gathering System, Crestwood has made the following safety, operational, and environmental improvements to the system:

1. Inspection of all valve cans;
2. Removed air release valves to eliminate connections similar to the one involved in the July 2014 incident;
3. Installed 39+ additional check valves (back flow preventers) throughout the gathering system;
4. Installed Flexsteel for all new produced water pipeline segments;
5. Hydrostatically tested segments of the pipeline;
6. Increased monitoring of the pipeline with biweekly aerial patrols to check for potential releases;
7. Ensure monitoring of the pipeline through daily patrols by field operators (many of whom traverse the entire Pipeline more than once each day) to check for potential releases;
8. Developed and implemented new training and operational policies and procedures for staff and personnel;
9. Developed, installed and implemented a remote monitoring system that measures the volume and pressure of produced water at different points and that transmits data to Crestwood's computer terminals approximately every twenty minutes;
10. Decreased maximum operating pressures on the pipeline;
11. Performed an Overland Spill Modeling of the pipeline to assess the extent of hypothetical releases of produced water to prioritize ongoing mitigation efforts that will result in the replacement of 41.6 miles by the end of 2017 (18.3 miles already completed) of pipe to reduce the risk of a future release impacting streams and water bodies; and
12. Regularly monitor remediation efforts in the field and communicate with affected tribal, local, state and federal parties.