

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Oasis Midstream Services, LLC
Wild Basin Gas Plant – McKenzie County, ND
Siting Application

Case No. PU-17-181

[PROPOSED] FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

August __, 2017

Appearances

Wade C. Mann, Attorney at Law, Crowley Fleck, PLLP, 100 West Broadway, Suite 250, Bismarck, North Dakota 58501, on behalf of the Applicant, Oasis Midstream Services, LLC.

Brian Schmidt, Special Assistant Attorney General, 122 East Broadway Avenue, Bismarck, North Dakota 58501, as Counsel for the Public Service Commission.

Sara Cardwell, Public Utility Analyst, North Dakota Public Service Commission, 600 East Boulevard Avenue, Bismarck, North Dakota 58505.

Patrick Ward, Administrative Law Judge, Office of Administrative Hearings, 2911 North 4th Street, Suite 303, Bismarck, North Dakota 58503, as Procedural Hearing Officer.

Preliminary Statement

On May 4, 2017, Oasis Midstream Services, LLC (“Oasis”) filed an application for a certificate of site compatibility authorizing construction of an addition to its existing Wild Basin Gas Plant (the “Plant”) located in McKenzie County, North Dakota.

On May 31, 2017, the Commission deemed the application complete and issued a Notice of Filing and Public Hearing for a public hearing to be held July 14, 2017, at 9:00 a.m. Central Time at Teddy’s Residential Suites, 113 9th Avenue SE, Watford City, North Dakota 58854. The Notice identified the following issues to be considered in this matter:

1. Will the location, construction, and operation of the proposed facilities produce minimal adverse effects on the environment and upon the welfare of the citizens of North Dakota?

Case No. PU-17-181
(Proposed) Finding of Fact, Conclusions of Law and Order
Page 1

2. Are the proposed facilities compatible with the environmental preservation and the efficient use of resources?
3. Will the proposed facilities' location 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 July 13, 2017, Commissioner Fedorchak recused herself from the matter due to a potential conflict of interest.

On July 14, 2017, the hearing was held as scheduled.

Having allowed all interested persons an opportunity to be heard and having heard, reviewed, and considered all testimony and evidence presented, the Commission makes the following:

Findings of Fact

1. Oasis is a registered foreign limited liability company with its principal place of business located at 1001 Fannin Street, Suite 1500, Houston, Texas 77002.
2. Oasis is authorized to do business in the State of North Dakota as evidenced by corporate papers filed with the Commission on May 18, 2017, in Case No. PU-15-741.

Need for the Facility

3. Oasis currently operates the existing Wild Basin Gas Plant, which is capable of processing 80 million standard cubic feet per day (MMSCFD) of gas per day and stabilizing up to 60,000 barrels of crude per day (BPD). Due to continuing development in Oasis Petroleum North America, LLC's core production area known as the Wild Basin, technological advances in drilling and completing horizontal wells in the Bakken and Three Forks formations, and the North Dakota Industrial Commission's recent flaring restrictions and gas capture requirements, the need for additional gas processing in the area has rapidly increased and substantial future processing needs are anticipated. Without construction of the Plant, Oasis's ability to adequately and efficiently meet its gathering and processing obligations would be hindered, resulting in a loss of revenue to producers, royalty owners, and the State of North Dakota.

Size, Type, and Preferred Location of Facility

4. The total gas processing capacity of the Plant will be up to 345 MMSCFD.

Case No. PU-17-181

(Proposed) Finding of Fact, Conclusions of Law and Order

Page 2

5. The total crude oil stabilization capacity of the Plant will be up to 80,000 BPD.
6. Plant infrastructure will include underground piping, above ground piping, above ground gas processing and crude stabilization facilities, mechanical refrigeration units, crude and gas liquids storage tanks, and an electrical substation and control building.
7. The Plant will process well-head associated natural gas from oil production wells connected to Oasis's gathering system in the Wild Basin area. Natural gas liquids (NGLs) will be stored and delivered to outside facilities. Approximately 13.5 MMSCFD of gas can be consumed on-site for utility purposes. Residue gas will be delivered via pipeline to a pipeline owned and operated by Northern Border Pipeline Company.
8. The Plant will be constructed on a 160-acre tract of land (the "Project Site") owned by Oasis, located approximately 6 miles northeast of Watford City in the NW¼ of Section 35, Township 151 North, Range 98 West, McKenzie County.

Study of Preferred Location

9. Oasis identified a study area consisting of a 1-mile wide buffer area (the "Study Area") centered upon the 160-acre Project Site.
10. Oasis conducted a Class I Cultural Resource Literature Search of the Study Area and a Class III Cultural Resource Inventory of the Project Site.
11. Oasis initiated consultations with the US Fish and Wildlife Service (USFWS), North Dakota Game and Fish Department, North Dakota Parks and Recreation Department, North Dakota State Historical Preservation Office (SHPO), North Dakota Department of Trust Lands – Surface Management and Minerals Management, North Dakota State Water Commission, Western Area Water Supply Authority, McKenzie County Water Resource Board, and McKenzie County Weed Board.
12. In its April 11 and April 28, 2017 responses, the SHPO confirmed that it had reviewed Oasis's Cultural Resource Investigation reports and found them acceptable, concurring that a good faith effort to identify and avoid impacts to "Significant Sites" had been made.
13. In its April 18, 2017 response, USFWS confirmed that it reviewed and had no objection to the project.
14. In its April 3, 2017 response, the North Dakota Game and Fish Department confirmed that it did not believe the project will have significant adverse effects on wildlife or wildlife habitat.

Case No. PU-17-181

(Proposed) Finding of Fact, Conclusions of Law and Order

Page 3

15. In its March 22, 2017 response, the North Dakota Parks and Recreation indicated that no documented significant ecological community occurrences or plant and animal species of concern were located in the project area and recommended that the project be accomplished with minimal impacts.
16. In its April 10 and April 11, 2017 responses, the North Dakota Department of Trust Lands confirmed that no North Dakota School Trust land or minerals are directly impacted by the proposed project.
17. In its April 6, 2017 response, the State Water Commission referenced the potential requirement for a water permit if there is diversion of surface water or groundwater for industrial use associated with the project. Oasis will continue to work with the State Water Commission to address the need for any water permits for the project.
18. In its March 16, 2017 response, the Western Area Water Supply (WAWSA) identified the location of its infrastructure in the area of the project. The Plant will not adversely impact any of WAWSA's infrastructure.
19. The McKenzie County Water Resource District orally responded to the notification by Oasis, confirming that it did not have a concern or comment on the project.
20. In its response, the McKenzie County Weed Board, confirmed that it found Oasis's noxious weed containment plan to meet all North Dakota and McKenzie County weed law requirements.
21. Oasis has received a conditional use permit from McKenzie County for the Plant.
22. There is no evidence of any other agency responses expressing any concerns or otherwise commenting on the Plant.

Siting Criteria

23. The Commission has established criteria to guide in evaluating the suitability of granting an application for a certificate of site compatibility. The criteria, as set forth in North Dakota Administrative Code Section 69-06-08-01, are classified as Exclusion Areas, Avoidance Areas, Selection Criteria, and Policy Criteria.
24. Oasis evaluated the Study Area and the Project Site for Exclusion and Avoidance Areas and the Selection and Policy Criteria of the Commission.

25. An energy conversion facility must not be sited within an Exclusion Area.
26. The Project Site is not within an Exclusion Area.
27. An energy conversion facility must not be sited within an Avoidance Area unless the applicant demonstrates that under the circumstances there are no reasonable alternatives. In determining whether an Avoidance Area should be designated for a 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 sites.
28. The Project Site is not within any Avoidance Area. The Study Area includes historic sites not eligible for inclusion in the National Register of Historic Places and abandoned mine sites, as well as wetland and woodland features. None of these areas will be impacted by the Plant.
29. In accordance with the Commission's Selection Criteria, a site 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. Oasis analyzed the impacts of the Project Site in relation to all relevant Selection Criteria. No significant adverse effects will result from the location, construction, and operation of the Plant at the Project Site.
30. In accordance with the Commission's Policy Criteria, preference may be given to an application demonstrating certain benefits of the energy conversion facility. Oasis has committed to maximizing the benefits of the Plant so as to meet the Policy Criteria.

Measures to Minimize Impact

31. Oasis has made other representations and covenants as indicated by the Certification Relating to Order Provisions – Energy Conversion Facility Siting, with accompanying Tree and Shrub Specifications (Exhibit 2).
32. The addition of processing capacity for the Plant at its existing location will have economic benefits and will minimize environmental disturbance by utilizing existing infrastructure, including access roads, utilities, gathering systems and delivery pipelines.
33. Oasis will continue to coordinate with local authorities and emergency managers regarding emergency response measures. Oasis's current emergency response plan utilized for the existing Wild Basin Plant will be amended to and will also include the new Plant (Late Filed Exhibit 3A and 3B).

34. Blast studies were completed for the original Plant. Oasis's administrative building and other occupied structures on-site are located in a manner that they will not be impacted by a catastrophic incident at the facility. Occupied structures at the Plant addition will be located in a similar manner. Structures outside the Project Site will not be adversely impacted by the Plant.

From the foregoing Findings of Fact, the Commission now makes its:

Conclusions of Law

1. The Commission has jurisdiction over the applicant, Oasis, and over the subject matter of this application under North Dakota Century Code Chapter 49-22.
2. Oasis is a utility as defined in North Dakota Century Code Section 49-22-03(13).
3. The Plant is an energy conversion facility as defined in North Dakota Century Code Section 49-22-03(5).
4. The location, construction, operation, and maintenance of the proposed energy conversion facility will produce minimal adverse effects on the environment and upon the welfare of the citizens of North Dakota.
5. The proposed energy conversion facility is compatible with the environmental preservation and the efficient use of resources.
6. The proposed energy conversion facility 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.

From the foregoing Findings of Fact and Conclusions of Law, the Commission now makes its:

Order

The Commission Orders:

1. Certificate of Site Compatibility No. ____ is issued to Oasis Midstream Services, LLC designating a site for the construction, operation, and maintenance of the Wild Basin Gas Plant. For purposes of this Certificate, the designated site consists of the 160-acre Project Site in McKenzie County, North Dakota, Township 151 North, Range 98 West, Section 35, NW1/4.

2. The Certification Relating to Order Provisions – Energy Conversion Facility Siting with attached Tree and Shrub Mitigation Specifications executed July 13, 2017, is incorporated by reference and attached to this Order.

3. To the extent there are any conflicts or inconsistencies between Oasis’s application and the Certification, the Certification provisions control.

Dated this ___ day of July, 2017.

PUBLIC SERVICE COMMISSION

Randy Christman
Chairman

Brian Kroshus
Commissioner