Fredrikson
& BYRON, P.A.

February 23, 2018

VIA HAND-DELIVERY

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

Re: Arrow Field Services, LLC
Case No. PU-17-397

Dear Mr. Nitschke:

Please find enclosed for filing in the above-referenced matter an original and ten (10) copies of the following documents submitted on behalf of Arrow Field Services, LLC:

1. Late-Filed Exhibit 8;
2. Late-Filed Exhibit 9; and
3. Proposed Findings of Fact, Conclusions of Law and Order

Also enclosed is the original Certification Relating to Order Provisions with accompanying tree and shrub mitigation specifications utilized as an exhibit at the hearing in this matter. A disk containing the above-referenced documents in PDF format is also provided.

Should you have any questions, please advise.

Sincerely,

LAWRENCE BENDER

cc: Patrick Fahn
Brian Schmidt
John Hamre

LB/ber
Enclosures

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39 PU-17-397 Filed: 2/23/2018 Pages: 8
Proposed Findings of Fact, Conclusions of Law and Order

Arrow Field Services, LLC

Lawrence Bender, Fredrikson&Byron, P.A.

STATE OF NORTH DAKOTA

PUBLIC SERVICE COMMISSION

Arrow Field Services, LLC
Arrow Bear Den Gas Processing Plant II — McKenzie County
Siting Application

Case No. PU-17-397

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

February _____, 2018

Appearances

Commissioners Randy Christmann, Julie Fedorchak, and Brian Kroshus.

Lawrence Bender and Danielle M. Krause, Attorneys at Law, Fredrikson & Byron, P.A., 1133 College Drive, Suite 1000, Bismarck, North Dakota 58501, on behalf of Arrow Field Services, LLC.

Brian Schmidt, Special Assistant Attorney General, 122 East Broadway Avenue, Bismarck, North Dakota 58501, on behalf of the North Dakota Public Service Commission.

Timothy J. Dawson, Administrative Law Judge, Office of Administrative Hearings, 2911 North 14th Street, Suite 303, Bismarck, North Dakota 58503, as Procedural Hearing Officer.

Preliminary Statement

On November 1, 2017, Arrow Field Services, LLC ("Arrow"), filed with the North Dakota Public Service Commission ("Commission") an application for a Certificate of Site Compatibility for the Arrow Bear Den Gas Processing Plant II ("Plant II"). The proposed Plant II will remove natural gas liquids ("NGLs") from an influent natural gas stream, with subsequent transmission of the residue gas and NGLs. The total processing capacity of Plant II will be up to 120 million standard cubic feet per day ("MMscfd").

On November 15, 2017, Commission Staff requested additional information regarding the project. On December 8, 2017, Arrow filed a letter in response to the request. In addition, Arrow filed an amended application for a Certificate of Site Compatibility for Plant II dated December 8, 2017 ("Amended Application").

On December 20, 2017, the Commission deemed the application of Arrow complete and issued a Notice of Filing and Public Hearing ("Notice") scheduling a hearing for February 15, 2018, at 9:00 a.m. Central Time at Teddy's Residential Suites, 113 9th Avenue SW, Watford City, North Dakota 58854.

The Notice identified the following issues to be considered with respect to the Amended Application:

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

2. Is the proposed facility compatible with the environmental preservation and the efficient use of resources?

3. Will the proposed facility 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 February 15, 2018, the hearing was held as scheduled.

On February 23, 2018, Arrow filed the following late-filed exhibits: Late-Filed Exhibit 8: Unanticipated Discovery Plan and Late-Filed Exhibit 9: Flare Height Information.

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:

Findings of Fact

1. Arrow is a Delaware Limited Liability Company authorized to do business in the State of North Dakota since July 16, 2009, and is currently in good standing, as evidenced by the corporate papers filed with the Commission on December 8, 2017 (*see* Case No. PU-11-117).

Size, Type, and Preferred Location of Facility

2. Arrow currently owns and operates the Arrow Bear Den Gas Processing Plant I, a 30 MMscfd gas processing plant that receives influent gas from the Arrow Bear Den West Gathering Pipeline. Plant II will be located on the same land parcel as the Arrow Bear Den Gas Processing Plant I. Plant II will occupy 51.48 acres of the 72.8-acre parcel located approximately 7.5 miles southeast of Watford City, McKenzie County, North Dakota.

3. Plant II will remove NGLs from an influent natural gas stream, with subsequent transmission of the residue gas and NGLs through existing pipelines and by truck. Plant II will consist of one cryogenic turbo-expander processing unit with a design capacity of 120 MMscfd that will also process an estimated 15,000 barrels of Y-grade NGLs daily. The estimated cost of Plant II is $136 million.

4. Plant II infrastructure will include underground piping, above ground piping, and above ground gas processing equipment and systems.

5. The addition of processing capacity at Plant II at its existing location will have economic benefits, and will minimize environmental disturbance by facilitating the use of existing infrastructure, including access roads, utilities, gathering systems, and delivery pipelines.

6. Arrow owns the property on which Plant II will be located.

Study of Preferred Location

7. Arrow studied the 51.48-acre parcel of land ("Project Site") and an approximately 0.5-mile-wide buffer area around the perimeter of the Project Site that encompasses portions of Sections 15, 16, 21, and 22, Township 149 North, Range 98 West ("Study Area"), McKenzie County, North Dakota. Arrow conducted an environmental analysis for the entire Study Area, and performed field surveys on the Project Site.

8. Arrow conducted a Class I Cultural Resource Literature Search of the Study Area (as depicted on Figure 1 of Hearing Exhibit 1) to identify any previously recorded cultural resources within the Study Area. Arrow also conducted a Class III inventory of the Project Site, which consisted of a pedestrian survey with a maximum 15-meter survey line separation distance. Arrow did not identify any new or previously recorded cultural resources within the Project Site.

9. Arrow initiated consultations with the appropriate federal, state and local agencies as required by North Dakota Administrative Code Section 69-06-01-05. The following agencies provided comments regarding Plant II: (i) U.S. Army Corps of Engineers ("USACE"); (ii) North Dakota Regulatory Office; (iii) U.S. Fish and Wildlife Service; (iv) North Dakota State Historic Preservation Office ("SHPO"); (v) North Dakota Department of Trust Lands; (vi) North Dakota Department of Health ("NDDOH"); (vii) North Dakota Department of Transportation ("NDDOT"); (viii) North Dakota State Water Commission; and (ix) the McKenzie County Weed Officer.

10. In a response dated January 5, 2017, the USACE noted that a Section 10 and/or Section 404 permit would be required if the project results in work by navigable waters or discharge of dredged or fill materials into waters of the United States. The project does not require work by a navigable water, nor the discharge of dredged or fill materials into a water of the United States.

11. In a response dated August 23, 2017, U.S. Fish and Wildlife Service indicated the project as described is not expected to have significant impacts on fish and wildlife resources.

12. In a response dated August 1, 2017, SHPO recommended that Arrow conduct a Class III pedestrian cultural resource survey for the Project Area. Arrow performed the requested Class III pedestrian cultural resource survey for the Project Site, and by further response dated October 30, 2017, SHPO concurred with the Class I and Class III recommendation of "No Significant Sites Affected."

13. In a response dated July 31, 2017, the North Dakota Department of Trust Lands confirmed the location of Plant II, and the proximity of mineral interests managed by the office, with no objections raised.

14. In a response dated August 14, 2017, the NDDOH recommended that: (i) care be taken during construction activity near any water of the state to minimize adverse effects on a water body from disturbance, reclamation, and oil, gas, or fuel spills associated with construction equipment; (ii) a storm water discharge permit may be necessary; (iii) care should be taken to avoid spills of any materials that may have an adverse effect on groundwater quality and all spills must be immediately reported to the NDDOH and appropriate remedial actions performed;

(iv) the proposed project has the potential to be a source of emissions to the air capable of causing or contributing to air pollution and may be required to have an Air Pollution Control permit to Construct/Operate as required by Chapter 33-15-14 of the North Dakota Air Pollution Control Rules; (v) projects that involve construction of pipelines should select locations that minimize the potential for impacts to human health and the environment during and after construction by avoiding, when possible, source water protection areas and sensitive surface and groundwater environments; (vi) pipeline routes should select areas with natural barriers to both surface and ground waters; (vii) human health and the environment should be further protected by developing a spill response plan that emphasizes rapid deployment of prepositioned assets necessary to contain spills and subsequent cleanup; and (viii) proper surveillance and monitoring for early detection of leaks should be required.

15. In a response dated August 24, 2017, the NDDOT stated the project should have no adverse effect on the NDDOT highways, but if work needs to be performed on highway right-of-way, appropriate permits and risk management documents need to be obtained.

16. In a response dated August 24, 2017, the North Dakota State Water Commission noted that no permits relative to the National Flood Insurance Program are required based on the current effective FIRM and state minimum standards. The State Water Commission also noted that if surface water or groundwater will be diverted for construction or operation of the project, a water permit is required pursuant to N.D.C.C. § 61-04-02.

17. In a response dated August 3, 2017, the McKenzie County Weed Office required Arrow to complete a weed management plan for approval.

18. Arrow received a conditional use permit from McKenzie County for Plant II on February 20, 2018.

19. There is no evidence of any other agency responses expressing observations, concerns, or recommendations regarding the proposed Plant II.

Siting Criteria

20. The Commission has established criteria pursuant to North Dakota Century Code Section 49-22.1-03 to guide the Commission 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.

21. Arrow evaluated the Study Area and the Project Site for the Exclusion Areas, Avoidance Areas, Selection Criteria, and Policy Criteria of the Commission.

22. With the exception of prime and unique farmland as stated in North Dakota Administrative Code Section 69-06-08-01(1)(d), an energy conversion facility must not be sited within an Exclusion Area.

23. The Plant II Project Site is not within an Exclusion Area.

24. An energy conversion facility must not be sited within an Avoidance Area unless the applicant demonstrates that under the circumstances there is no reasonable alternative. 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.

25. The Plant II Project Site is not within any Avoidance Area.

26. In accordance with the Commission's Selection Criteria, a site shall be approved only if it is determined that any significant adverse effects resulting 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. Arrow analyzed the effects that may result from the location, construction, and operation of Plant II. No significant adverse effects will result.

27. In accordance with the Commission's Policy Criteria, preference may be given to an application demonstrating certain benefits of the energy conversion facility. Arrow has committed to maximizing the benefits of the proposed energy conversion facility to meet the Policy Criteria.

Measures to Minimize Impact

28. Arrow has made other representations and covenants as indicated by the Certification Relating to Order Provisions – Energy Conversion Facility Siting, with accompanying Tree and Shrub Mitigation Specifications.

29. Plant II will minimize environmental disturbance by being located adjacent to an existing gas processing facility and by utilizing existing infrastructure, including access roads, utilities, gathering systems, and delivery and take away pipelines.

30. Arrow will continue to coordinate with local authorities and emergency managers regarding emergency response measures. During both construction and operation, Arrow will implement its Environmental, Health, and Safety program at Plant II.

31. No trees or shrubs exist within the Project Site. Therefore, no removal of trees or shrubs during construction is required.

32. Arrow testified that it will perform pressure and function testing before putting new facilities into service, and will comply with all applicable safety laws and standards.

33. Arrow will utilize the ND One Call system during construction.

34. Arrow does not expect any adverse impact on surface drainage because construction specifications for Plant II take into consideration surrounding topography and drainage patterns.

35. Arrow filed a Weed Control Plan with McKenzie County that will minimize weed propagation. McKenzie County approved Arrow's Weed Control Plan.

From the foregoing Findings of Fact, the Commission makes the following conclusions of law:

Conclusions of Law

1. The Commission has jurisdiction over the applicant, Arrow Field Services, LLC, and over the subject matter of the Amended Application under North Dakota Century Code Chapter 49-22.1.

2. Arrow is a utility as defined in North Dakota Century Code Section 49-22.1-01(12).

3. Plant II is an energy conversion facility as defined in North Dakota Century Code Section 49-22.1-01(5).

4. The location, construction, and operation of Plant II will produce minimal adverse effects on the environment and upon the welfare of the citizens of North Dakota.

5. Plant II is compatible with the environmental preservation and the efficient use of resources.

6. Plant II 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 the following order:

Order

The Commission orders:

1. Certificate of Site Compatibility No. ___ is issued to Arrow Field Services, LLC designating a site for the construction, operation, and maintenance of the Arrow Bear Den Gas Processing Plant II. For purposes of this Certificate, the designated site is 51.48 acres of the 72.8-acre parcel of land located approximately 7.5 miles southeast of Watford City, in the W/2NE/4 of Section 21, Township 149 North, Range 98 West, McKenzie County, North Dakota, and as identified on Figure 1 of Hearing Exhibit 1.

2. The Certification Relating to Order Provisions – Energy Conversion Facility Siting with attached Tree and Shrub Mitigation Specifications executed February 14, 2018, is incorporated by reference and attached to this Order.

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

PUBLIC SERVICE COMMISSION

Brian Kroshus **Commissioner**	**Randy Christmann** **Chairman**	**Julie Fedorchak** **Commissioner**

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