

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NORTH DAKOTA

IN THE MATTER OF THE APPLICATION
OF HILAND PARTNERS HOLDINGS LLC
FOR A CERTIFICATE OF SITE
COMPATIBILITY FOR THE ROOSEVELT
GAS PLANT EXPANSION AND
ASSOCIATED FACILITIES IN MCKENZIE
COUNTY, NORTH DAKOTA

CASE NO. PU-18-__

**Application of Hiland Partners Holdings LLC
for Waiver or Reduction of Procedures and Time Schedules**

In connection with its submission of an application for a Certificate of Site Compatibility for the Roosevelt Gas Plant Expansion Project located in McKenzie County, North Dakota, Hiland Partners Holdings LLC (“Hiland”), submits to the North Dakota Public Service Commission (“Commission”) this application for a waiver or reduction of procedures and time schedules set forth in Chapter 49-22.1 of the North Dakota Century Code (“Siting Act”) and Article 69-06 of the North Dakota Administrative Code (“Siting Rules”). In accordance with Section 49-22.1-05 of the North Dakota Century Code and Chapter 69-06-06 of the North Dakota Administrative Code, Hiland requests the following:

1. That the Commission waive the requirement to hold a separate hearing on a waiver request and a Certificate of Site Compatibility application as may be required by Sections 49-22.1-05, 49-22.1-06, and 49-22.1-10 of the North Dakota Century Code and Chapter 69-06-01-02 of the North Dakota Administrative Code. Hiland requests that the Commission hold a single consolidated hearing on this waiver request and its application for a Certificate of Site Compatibility.
2. That the Commission shorten the six-month period specified in Section 49-22.1-06(5) of the North Dakota Century Code.

Consistent with the Commission's Energy and Transmission Facility Siting Guidelines ("Commission's Guidelines"), Hiland provides the following information in support of its waiver requests:

A. Description of Proposed Facility.

1. **Type:** The Application for Certificate of Site Compatibility is for the expansion of an existing a gas processing facility known as the Roosevelt Gas Plant (the "Facility"). After the expansion is constructed and operational, the Facility will have a net gas processing capacity of 200 million standard cubic feet per day ("MM SCFD").

2. **Product:** The primary products to be produced at the Facility are residue gas and natural gas liquids ("NGLs").

3. **Size and Design:** The current Roosevelt Gas Plant has a nameplate or gross capacity of 60 MM SCFD. After the expansion to the existing Roosevelt Gas Plant, the gross gas processing capacity of the Facility will be 260 MM SCFD.

The design of the Facility will accommodate the rich gas production from the Bakken and Three Forks Formations in the area. The Facility will utilize the varying technologies described in the Application based upon the size of the gas processing unit.

4. **Location:** The Facility was constructed on the southwest quarter of the southeast quarter of Section 30 of Township 149N, Range 98W. The expansion will occur to the immediate east of the existing Facility within the previously developed facility footprint located on land owned by Hiland or its affiliated entities.

5. **Geographic Service Area:** Wellhead gas will be gathered from crude oil production wells dedicated to Hiland's gathering system. Wellhead gas will be transported via a gathering pipeline system to the Facility. Once processed, the NGL product extracted from the gas is transferred to the ONEOK pipeline system and the residue gas will be transferred to the

Northern Border pipeline system, ultimately serving markets located in the Rocky Mountains and Midwest.

6. **Time Schedule:** Hiland anticipates commencement of operations of the Facility will begin by November 1, 2019. Hiland proposes to develop the Project on the following schedule:

- The expansion of the Facility will occur entirely within land owned by Hiland or its affiliates. No additional land acquisition is required.
- Construction will begin upon receipt of necessary authorizations. Hiland anticipates construction will commence on or about September 15, 2018.
- Construction is anticipated to be completed by September 30, 2019.
- Test operations are anticipated to be completed by October 31, 2019.
- Hiland anticipates commencement of operations will begin by November 1, 2019.

7. **Future Plans:** Hiland does not anticipate future expansion or development at this time.

B. Need for the Project.

North Dakota gas production and flaring of unsold gas has attracted negative attention in past years. This negative attention has resulted in a number of actions. In late 2013, several groups of mineral owners filed numerous class action lawsuits seeking damages due to unpaid royalties resulting from flaring of unsold gas. In mid-2014, the North Dakota Industrial Commission approved policy aimed at reducing the amount of natural gas flaring from the Bakken and Three Forks Formations. The policy establishes oil production limits that will take effect if producers fail to meet requirements to capture natural gas at the well site. As part of the proposed and enacted regulation of gas flaring, North Dakota has established reduced flaring goals for the industry to meet. Additional gas processing capacity is needed in North Dakota in order for oil and gas producers to avoid flaring wellhead gas, or reducing production.

For additional analysis of the need for the Project, including a discussion of alternatives evaluated, please see Section 3 of Hiland's Application, which accompanies this waiver application.

C. Cost.

The estimated cost for the Facility expansion is \$150,000,000.00.

D. Waiver Request.

Hiland requests that the Commission grant the waivers requested herein because said waivers are needed to prevent potentially significant delays to expansion of the Facility. As noted above, the Facility is needed to provide gas processing capacity in North Dakota in order for oil and gas producers to avoid flaring wellhead gas or reducing production. Utilizing the Facility will provide a full-scale gas plant to process a large volume of gas, remove valuable liquid components, and provide residue gas directly to a pipeline, all within economical boundaries. Without the waivers of time schedules and procedures requested, construction and operation of the Facility will be delayed and the Facility will not be able to satisfy the immediate need for a full-scale gas processing plant facility.

Section 49-22.1-05 of the North Dakota Century Code provides that the Commission may waive procedures and time schedules upon a finding that "the proposed facility is of such length, design, location, or purpose that it will produce minimal adverse effects." Based upon the investigation and analysis set forth in Hiland's Application, granting the waivers requested is appropriate because the proposed facility will produce minimal adverse effects due to its design (a gas processing facility which will accommodate the rich gas production from the Bakken and Three Forks Formations), its location (located in large part on agricultural land in McKenzie County and avoiding Exclusion and Avoidance Areas), and its purpose (residue gas and NGL processing facility).

In determining whether the proposed facility will result in adverse impacts on the environment, Hiland evaluated the Facility using the criteria set forth in the Siting Act, the Siting Rules, and the Commission's Guidelines. More specifically, Hiland evaluated the impacts of the Facility considering the siting criteria set forth in Section 69-06-08-01 of the North Dakota Administrative Code and the factors set forth in Section 49-22.1-09 of the North Dakota Century Code. Impacts associated with the Facility, and mitigation measures that will be taken with respect to said impacts, are summarized in Sections 4 and 5 of the Application. Based upon the siting criteria evaluation performed by Hiland, and the factors set forth in the Guidelines, the Facility will have minimal adverse effects.

Accordingly, Hiland respectfully requests that the Commission grant the requested waivers and render an expeditious decision.

Dated this 17th day of July, 2018.

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By 

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