

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Belle Fourche Pipeline Company
8-inch Wilson-Bowline Pipeline Conversion Project
Siting Application

Case No. PU-18-404

ORDER ON CONSENT AGREEMENT

June 10, 2020

Preliminary Statement

On December 17, 2018, Belle Fourche Pipeline Company (“Belle Fourche”) filed with the North Dakota Public Service Commission (“Commission”) a combined application for a corridor certificate and a route permit for an approximately 20-mile-long, 8-inch existing crude oil gathering pipeline in McKenzie County, North Dakota, that had been converted to a crude oil transmission line.

On September 4, 2019, the Commission issued Findings of Fact, Conclusions of Law and Order issuing Belle Fourche Certificate of Corridor Compatibility No. 212 and Route Permit No. 222 for the Wilson to Bowline Pipeline.

In September 2019, Commission Staff (“Staff”) began investigating the operations of the Wilson to Bowline and Kermit to Wilson systems concerning the timing of the systems’ conversions from gathering pipeline functions to transmission pipeline functions.

On April 6, 2020, Belle Fourche filed an affidavit of Robert Stamp, Engineering Director of Belle Fourche Pipeline Company and Bridger Pipeline LLC (“Bridger”), concerning the operations of the Wilson to Bowline and Kermit to Wilson systems.

On May 21, 2020, Belle Fourche, Bridger and Staff entered into a consent agreement for resolution of issues discovered during the investigation.

Discussion

Having investigated the operations of the Wilson to Bowline and Kermit to Wilson systems, Staff expressed concerns with respect to the timing of the systems’ “conversions” and operations in a transmission capacity under the provisions of N.D.C.C. ch. 49-22.1. Specifically, Staff raised concerns regarding Wilson to Bowline’s operations in a transmission capacity between approximately October 2018 and the Commission’s issuance of a certificate and permit on September 4, 2019, and various instances between approximately January 2019 and January 2020 when Kermit to Wilson accepted

redirected volumes from the Four Bears pipeline (sited in Case No. PU-09-750) when the system was experiencing capacity constraints

The history and timeline of Wilson to Bowline's operations is set forth by Belle Fourche in the Affidavit of Robert Stamp. The Affidavit also sets forth the history and timeline of operations of Bridger's approximate 26-mile eight-inch crude oil gathering system ("Kermit to Wilson") located in McKenzie County, North Dakota and directly upstream of Wilson to Bowline.

Belle Fourche, Bridger and Staff engaged in good faith settlement discussions resulting in a Consent Agreement intended to avoid further administrative proceedings or litigation.

Belle Fourche agrees to be assessed a civil penalty of \$10,000 payable to the North Dakota Public Service Commission within ten business days of service of an Order approving the Consent Agreement. Bridger agrees to be assessed a civil penalty of \$20,000 payable to the North Dakota Public Service Commission within ten business days of service of an Order approving the Consent Agreement.

Order

The Commission Orders:

1. The Consent Agreement of Belle Fourche, Bridger and Staff filed May 26, 2020, is approved. A copy of the Consent Agreement is attached to and made a part of this Order.
2. Belle Fourche Pipeline Company is assessed a civil penalty of \$10,000.
3. Belle Fourche shall remit \$10,000 civil penalty, payable to the North Dakota Public Service Commission within ten business days of service of this Order.
4. Bridger Pipeline LLC is assessed a civil penalty of \$20,000.
5. Bridger shall remit \$20,000 civil penalty, payable to the North Dakota Public Service Commission within ten business days of service of this Order.

PUBLIC SERVICE COMMISSION


Julie Fedorchak
Commissioner


Brian Kroshus
Chairman


Randy Christmann
Commissioner

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Belle Fourche Pipeline Company
8-inch Wilson-Bowline Pipeline Conversion Project
McKenzie County
Siting Application**

Case No. PU-18-404

CONSENT AGREEMENT

Preliminary Statement

This Consent Agreement is entered into by and between Belle Fourche Pipeline Company (“Belle Fourche”), Bridger Pipeline, LLC (“Bridger”), and the North Dakota Public Service Commission (“Commission”) Advocacy Staff (“Staff”) (collectively referred to herein, the “Parties”).

Discussion

1. On September 4, 2019, the Commission adopted Findings of Fact, Conclusions of Law and Order issuing Belle Fourche a transmission facility Certificate of Corridor Compatibility No. 212 and Route Permit No. 222 for the approximate 20-mile existing eight-inch crude oil pipeline and associated facilities located in McKenzie County, North Dakota that had been converted from a gathering pipeline to a dual use gathering and transmission pipeline (“Wilson to Bowline”).
2. The history and timeline of Wilson to Bowline’s operations is set forth by Belle Fourche in Attachment A hereto, Affidavit of Robert Stamp, Engineering Director of Belle Fourche. Attachment A also sets forth the history and timeline of operations of Bridger’s approximate 26-mile eight-inch crude oil gathering system (“Kermit to Wilson”) located in McKenzie County, North Dakota and directly upstream of Wilson to Bowline.

3. Having investigated the operations of the Wilson to Bowline and Kermit to Wilson systems, Staff expressed concerns with respect to the timing of the systems' "conversions" and operations in a transmission capacity under the provisions of N.D.C.C. ch. 49-22.1. Specifically, Staff raised concerns regarding Wilson to Bowline's operations in a transmission capacity between approximately October 2018 and the Commission's issuance of a certificate and permit on September 4, 2019, and various instances between approximately January 2019 and January 2020 when Kermit to Wilson accepted redirected volumes from the Four Bears pipeline (sited in Case No. PU-09-750) when the system was experiencing capacity constraints (collectively, the "Allegations").

Terms


4. The Parties engaged in good faith settlement discussions resulting in this Consent Agreement. Having agreed that settlement of this proceeding will avoid further administrative proceedings and/or litigation, and that entry of this Consent Agreement is the most appropriate means of resolving this administrative action, the Parties hereby agree to settle the Allegations on the terms as follows:

- a. Nothing in this Consent Agreement shall be considered as an admission of any wrongdoing, violation, omission, or fault with respect to the Allegations.
- b. Belle Fourche agrees to make payable to the North Dakota Public Service Commission, an assessment of \$10,000.00, and Bridger agrees to make payable to the North Dakota Public Service Commission, an assessment of \$20,000.00, for a total collective assessment of \$30,000.00, within 10 business days of service of an Order approving the Consent Agreement ("Order").

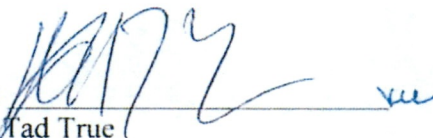
- c. The terms of this Consent Agreement are the most appropriate means of resolving the matter and are supported by the particular facts unique to this case. Staff agrees no other proceeding will be initiated against Belle Fourche and Bridger based on the Allegations and no other remedy will be sought based on the Allegations.
- d. If the Consent Agreement is approved by the Commission, Belle Fourche and Bridger agree not to contest the Allegations, and Belle Fourche and Bridger expressly waive any further procedural requirements with respect to the adoption of the Order approving the Consent Agreement. Provided the Commission approves this Consent Agreement and adopts an Order consistent with it, Belle Fourche and Bridger waive their right to contest the validity of this Consent Agreement and the Order, and waive all rights to administrative or judicial hearings or appeals of the Allegations.
- e. If the Commission's Order modifies or conditions approval of this Consent Agreement, it shall be deemed terminated if any settling party files a letter with the Commission within three business days of notice of such Order stating that a condition or modification to the Consent Agreement is unacceptable to such party.
- f. There are no covenants, promises, undertakings, or understandings other than specifically set forth in this Consent Agreement of Order.
- g. This Consent Agreement may be executed in counterparts and duplicate copies, each which shall be deemed to be an original, and which, when taken together, shall constitute one and the same instrument.
- h. The undersigned on behalf of Belle Fourche and Bridger, is authorized to act on behalf of, and bind Belle Fourche and Bridger for the purposes of this Consent

Agreement, and knows and fully understands this Consent Agreement's content and effect.

Dated this 21st day of May, 2020.

By: 
Public Service Commission
Advocacy Staff
Brian Johnson, Legal Counsel

Dated this 20 day of May, 2020.

By: 
Tad True
Belle Fourche Pipeline Company
Vice President
Bridger Pipeline LLC
Member