

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF NORTH DAKOTA

IN THE MATTER OF THE APPLICATION  
OF OE2 NORTH LLC FOR A CERTIFICATE  
OF SITE COMPATIBILITY FOR THE BILL  
SANDERSON GAS PROCESSING PLANT  
AND ASSOCIATED FACILITIES IN  
WILLIAMS COUNTY, NORTH DAKOTA

CASE NO. PU-20-\_\_\_\_\_

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**Application of OE2 North LLC  
for Waiver or Reduction of Procedures and Time Schedules**

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In connection with its submission of an application for a Certificate of Site Compatibility (“Application”) for the Bill Sanderson Gas Processing Plant Project located in Williams County, North Dakota, OE2 North LLC (“OE2”), 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, OE2 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. OE2 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"), OE2 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 construction of a new gas processing facility known as the Bill Sanderson Gas Processing Plant (the "Facility"). Once the Facility is constructed and operational, the Facility will have a net nameplate gas processing capacity of 250 million standard cubic feet per day ("MM SCFD"), less 5.3 MM SCFD of utility fuel gas usage at the Facility.

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

3. **Size and Design:** The Facility will be composed of one process train with a nameplate capacity of 250 MM SCFD. The gross nameplate gas processing capacity of the Facility will be 250 MM SCFD.

The design of the Facility will accommodate raw, wellhead gas from oil and gas wells located in Williams County, North Dakota and surrounding areas. The Facility will utilize a slug catcher, a liquids stabilization system, a Recycle Split Vapor (RSV) cryogenic gas processing facility, and residue compression to boost the product natural gas to transmission pipeline pressure.

4. **Location:** The Facility will be located approximately 15 miles west of Williston, North Dakota, in Section 27, Township 154 North, Range 104 West, Williams County, North Dakota. The Facility site comprises 39 acres of a 143-acre parcel owned by OE2.

5. **Geographic Service Area:** Wellhead gas will be gathered from crude oil production wells connected to OE2's system. 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, Midwest and Gulf regions.

6. **Time Schedule:** OE2 anticipates commencement of commercial production at the Facility will begin by December 15, 2020. OE2 proposes to construct the Facility on the following schedule:

- OE2 acquired the land upon which the Facility will be located in February 2020. No additional land acquisition is required.
- Construction will begin upon receipt of necessary authorizations. OE2 anticipates construction will commence on or about April 15, 2020.
- Construction is anticipated to be completed by December 1, 2020.
- Test operations are anticipated to take place December 1 through December 5, 2020.
- OE2 anticipates commencement of operations will begin by December 15, 2020.

7. **Future Plans:** OE2 does not anticipate future expansion or development at this time.

**B. Need for the Facility.**

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 Facility, including a discussion of alternatives evaluated, please see Section 3 of OE2's Application, which accompanies this waiver application.

**C. Cost.**

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

**D. Waiver Request.**

OE2 requests that the Commission grant the waivers requested herein because said waivers are needed to prevent potentially significant delays to construction 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 OE2'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 on agricultural land in Williams 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, OE2 evaluated the Facility using the criteria set forth in the Siting Act, the Siting Rules, and the Commission's Guidelines. More specifically, OE2 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 OE2, and the factors set forth in the Guidelines, the Facility will have minimal adverse effects.

Accordingly, OE2 respectfully requests that the Commission grant the requested waivers and render an expeditious decision.

Dated this 19th day of February, 2020.

FREDRIKSON & BYRON, P.A.

By 

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