

May 31, 2024

Via Electronic Mail & Hand Delivery

Mr. Steve Kahl
North Dakota Public Service Commission
600 E. Boulevard, Dept. 408
Bismarck, ND 58505-0480
ndpsc@nd.gov

**In re: Grayson Mill Operating, LLC
N.D.C.C. § 49-22.1-23 Filing
Our File No. 411104-000031**

Dear Mr. Kahl:

Enclosed please find Grayson Mill Operating, LLC's Request for Approval of Temporary Facility Operations pursuant to N.D.C.C. § 49-22.1-23 with accompanying Exhibits A-F.

Please feel free to contact me if you have any questions. Thank you.

Sincerely,



Wade C. Mann

WCM/lh
Enc.

cc: John Schuh (via email)
Adam Novelli (via email)
Adam Osbeck (via email)
Kerry Morgan (via email)

**BEFORE THE STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Grayson Mill Operating, LLC
8-inch Crude Oil Line – Williams & McKenzie Counties
N.D.C.C. § 49-22.1-23**

Case No. PU-24-___

**GRAYSON MILL OPERATING, LLC’S
REQUEST FOR APPROVAL OF TEMPORARY FACILITY OPERATIONS**

Pursuant to North Dakota Century Code section 49-22.1-23, Grayson Mill Operating, LLC (“Grayson Mill”), through its undersigned counsel, hereby submits this Request for Approval of Temporary Facility Operations (“Request”) seeking Commission approval for temporary pipeline facility operations and modifications as more particularly discussed herein.

1. Background

Grayson Mill is a limited liability company formed under the laws of Delaware and is authorized to do business in the state of North Dakota. *See* Exhibits A and B. Grayson Mill is engaged in the business of crude oil and natural gas exploration and production and, as part of its business, operates facilities to gather and transport oil and natural gas. Its principal office is located at 840 W. Sam Houston Parkway N., Suite 300, Houston, Texas 77024.

An affiliate of Grayson Mill acquired the North Dakota assets of Equinor Energy L.P. in January of 2021. As is relevant to this application, the Equinor acquisition included the following assets: 1) the Aune Oil Terminal in Williams County, North Dakota; 2) the Alexander Oil Terminal in McKenzie County, North Dakota; and 3) an approximately 14.72-mile long, 8-inch diameter crude oil pipeline (“Pipeline”) connecting the two terminals. The Pipeline has been inactive since prior to the Equinor acquisition. Grayson Mill is seeking to bring the Pipeline back into operation.

2. Description of Facilities

The Aune Terminal is located on an approximately 30-acre tract in Lot 4 of Section 5, Township 152 North, Range 103 West, Williams County, ND, and receives crude oil from a Grayson Mill gathering system through two trunk lines. It provides short term storage for crude oil that can then be shipped to market by rail via the neighboring Savage rail loading facility immediately to the north of the terminal. The Aune Terminal includes two 40,000 barrel storage tanks, incoming skidded meter assemblies, outgoing metering assemblies with delivery pumps, pipeline pig receivers, a high BS&W storage tank with transfer pump, automation and electrical equipment and other site infrastructure.

The Alexander Terminal is located on an approximately 20-acre tract in the N $\frac{1}{2}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 24, Township 152 North, Range 102 West, McKenzie County, ND, and receives oil from Grayson Mill's South and McKenzie gathering systems and two truck unloading skids. Additionally, there will be the ability to ship and receive crude oil to and from the Aune Terminal once the Pipeline becomes operational. The Alexander Terminal is designed for a throughput of 20,000 barrels per day with crude oil exiting through the Bridger Sales LACT skid or the Enbridge/NorthStar Sales LACT skid which include pumps and metering to allow sales by pipeline. The Alexander Terminal also includes one 40,000 barrel API-650 internal floating roof storage tank, incoming skidded meter assemblies, outgoing metering assemblies with delivery pumps, pipeline pig receivers, automation and electrical equipment and other site infrastructure.

The Pipeline runs between the existing Aune and Alexander Terminals as reflected in the map attached as Exhibit C. It is an 8-inch outside diameter crude oil pipeline X42 with various wall thicknesses, including 0.219, 0.250, 0.312, 0.322, 0.344, 0.375, 0.438 and 0.500. It was constructed in 2012 by Brigham Oil and Gas LP ("Brigham"). The majority of the line pipe is

0.250, 0.312, 0.322 and the river crossing is 0.500 wt. Flowrate ranges from 5,000 to 50,000 bpd with a typical flowrate of 20,000 bpd. Maximum fluid temperature is 100 degrees Fahrenheit. Maximum Operating Pressure is 1480 psig. Statoil acquired the assets of Brigham, including the pipeline, and subsequently changed its name and became Equinor. The Pipeline was drained, cleaned and filled with nitrogen at some point in late 2017 or early 2018 and has not been operational since that time.

After acquisition of the Pipeline by its affiliate, and upon evaluating plans to return it to operation, Grayson Mill became aware that no Certificate of Corridor Compatibility or Route Permit appear to have been obtained from the North Dakota Public Service Commission. However, other permits have been secured for the construction and operation of the Pipeline. Glacier Peak Midstream LLC, a Grayson Mill subsidiary, has secured a transfer of USACE NOW-2011-BIS and Consent to Easement DACW45-9-12-8007 from the US Army Corps. of Engineers. The North Dakota Sovereign Land Permit S-1749-B originally issued to Brigham and transferred to Equinor for crossing the Missouri River has now been transferred to Grayson Mill.

3. Scope of Request

Grayson Mill submits this Request in compliance with the provisions of N.D.C.C. ch. 49-22.1. Section 49-22.1-23 permits the temporary operation of facilities upon Commission approval.

Specifically,

1. The commission may approve temporary operation of facilities or a temporary variance from approved construction, operation, or maintenance of facilities upon a showing of good cause and receipt of a utility certification that the activities will have no adverse impacts upon the welfare of the citizens of this state or the environment.
2. The commission may issue a temporary approval or variance without the necessity of notice, publication, or public hearing with any additional terms, conditions, or modifications deemed necessary to minimize impacts.

N.D.C.C. § 49-22.1-23. In accordance with the foregoing, Grayson Mill respectfully requests the Commission issue interim approval authorizing Grayson Mill to construct certain safety upgrades to the Pipeline and return it to operation as proposed.

Grayson Mill proposes to bring the pipeline back into service by the third quarter of 2024 and utilize it to transport crude oil between the Aune and Alexander Terminals in order to allow for the transport of additional volumes of crude oil to expanded markets. As part of bringing the Pipeline back into operation, Grayson Mill will install a new Isolation valve on the west side of the Missouri River which will result in surface disturbance and replace the existing valve on the east side of the river which will not require any new surface disturbance. *See* Exhibit D. The State Department of Water Resources – Sovereign Lands Management has agreed to Grayson Mill’s proposed location for the new valve on the west side of the river. *See* Exhibit E.

The Pipeline contains a leak detection system. Volumes leaving the Alexander terminal will have a Coriolis meter at the booster skid to measure crude oil shipped in the Pipeline. There will also be an inlet Coriolis meter to measure the received barrels from the Pipeline to the Aune terminal. If the received barrel versus shipped barrel percentage difference is above the acceptable limits, the Pipeline will be shut in so no oil can enter the Pipeline. Prior to operation, the Pipeline will be hydrostatically tested and an internal line inspection will be performed.

4. Demonstration of Good Cause

Approval of Grayson Mill’s request is in the public interest. Bringing the Pipeline back into operation will provide additional markets for crude oil produced in the state while not requiring construction of a new pipeline. Use of existing infrastructure will eliminate the need for additional surface disturbance. Upgrading the existing Pipeline with additional safety features will result in only minor surface impacts including activities to install the new isolation valve on the west side of the river and upgrade the existing valve with a new valve on the east side of the river.

Use of the improved existing infrastructure to create additional capacity and allow for distribution of the state's natural resources to additional markets without negatively impacting the environment is a positive for the state. For the above reasons, Grayson Mill respectfully requests interim approval be granted.

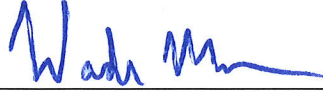
In accordance with N.D.C.C. § 49-22.1-23(a), a utility certification in support of this Request is attached hereto as Exhibit F. Operation of the Pipeline is not anticipated to adversely affect the environment or the citizens of North Dakota. Construction activities are minor in nature and include installation of above-ground infrastructure. Thus, installation activities for the Pipeline will have negligible impact. Furthermore, the Pipeline is comprised of existing infrastructure that had operated subject to other federal and state easements and permits without incident since 2012 until being temporarily shut-in in 2018. The Pipeline has no history of releases.

Grayson Mill has retained an environmental consultant to evaluate and study the Pipeline project and draft a siting application pursuant to the Commission's siting criteria and applicable regulations and rules set forth in N.D.C.C. ch. 49-22.1 and N.D. Admin. Code art. 69-06. Grayson Mill is diligently working with its consultant and has completed the necessary studies, surveys, and agency consultations. The siting application is being finalized and it is anticipated that it will be submitted in June. The Commission's interim approval is requested in advance of the issuance of a Certificate of Corridor Compatibility and Route Permit which will be requested in the forthcoming siting application in order to accommodate construction of the above-ground enhanced safety features for the Pipeline project during the prime construction season.

For the reasons set forth herein, approval of Grayson Mill's request is warranted. Therefore, Grayson Mill respectfully requests the Commission approve this Request for Approval of Temporary Facility Operations and authorize commencement of the 14.72-mile Pipeline's

improvements and subsequent operations and such other relief as the Commission deems just and proper.

Signed this 31st day of May, 2024.



WADE C. MANN (ND ID #05871)
wmann@crowleyfleck.com
CROWLEY FLECK PLLP
Attorneys for Grayson Mill Operating, LLC
100 West Broadway Ave., Suite 250
P.O. Box 2798
Bismarck, ND 58502-2798
Phone: (701) 223-6585

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "GRAYSON MILL OPERATING, LLC", FILED IN THIS OFFICE ON THE SEVENTEENTH DAY OF OCTOBER, A.D. 2016, AT 1:21 O`CLOCK P.M.



Jeffrey W. Bullock, Secretary of State

6185316 8100
SR# 20166228322

Authentication: 203170157
Date: 10-17-16

You may verify this certificate online at corp.delaware.gov/authver.shtml

State of Delaware
Secretary of State
Division of Corporations
Delivered 01:21 PM 10/17/2016
FILED 01:21 PM 10/17/2016
SR 20166228322 - File Number 6185316

**CERTIFICATE OF FORMATION
OF
GRAYSON MILL OPERATING, LLC**

This Certificate of Formation, dated October 17, 2016, has been duly executed and is filed pursuant to Sections 18-201 and 18-204 of the Delaware Limited Liability Company Act (the "*Act*") to form a limited liability company (the "*Company*") under the Act.

1. **Name.** The name of the Company is:

Grayson Mill Operating, LLC

2. **Registered Office; Registered Agent.** The address of the registered office required to be maintained by Section 18-104 of the Act is:

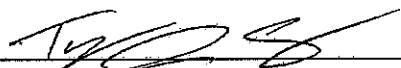
1675 South State Street, Suite B
Dover, Delaware 19901.

The name and the address of the registered agent for service of process required to be maintained by Section 18-104 of the Act are:

Capitol Services, Inc.
1675 South State Street, Suite B
Dover, Delaware 19901.

[Signature Page Follows.]

IN WITNESS WHEREOF, the undersigned has duly executed this Certificate of Formation as of the date first written above.

By: 
Name: Tyler Stahl
Title: Authorized Person

State of North Dakota SECRETARY OF STATE



Certificate of Authority of Grayson Mill Operating, LLC

SOS Control ID#: 0005413557

The undersigned, as Secretary of State of the state of North Dakota, hereby certifies that an application by

Grayson Mill Operating, LLC

for a Certificate of Authority to transact business in this state, duly signed and verified as required by North Dakota statutes governing a foreign limited liability company, has been received in this office and is found to conform to law.

ACCORDINGLY, the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Authority to

Grayson Mill Operating, LLC

to transact business in this state under the name of

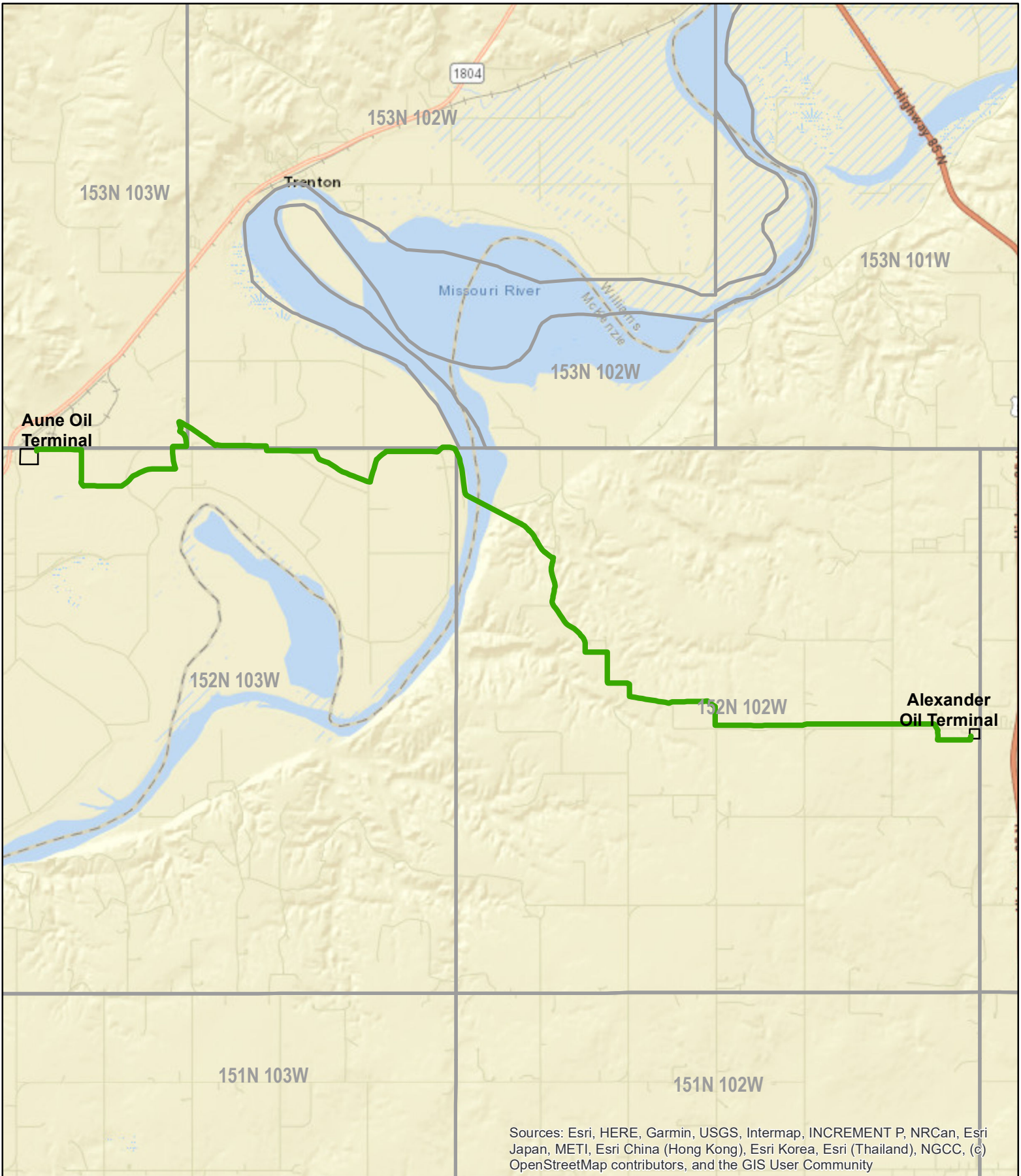
Grayson Mill Operating, LLC

Filed date: January 27, 2021

A handwritten signature in black ink, appearing to read "Alvin A. Jaeger".

Alvin A. Jaeger
Secretary of State

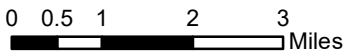






Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community

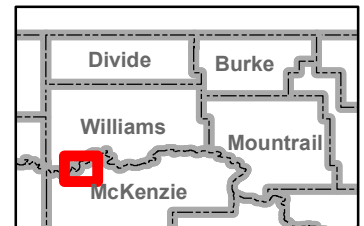
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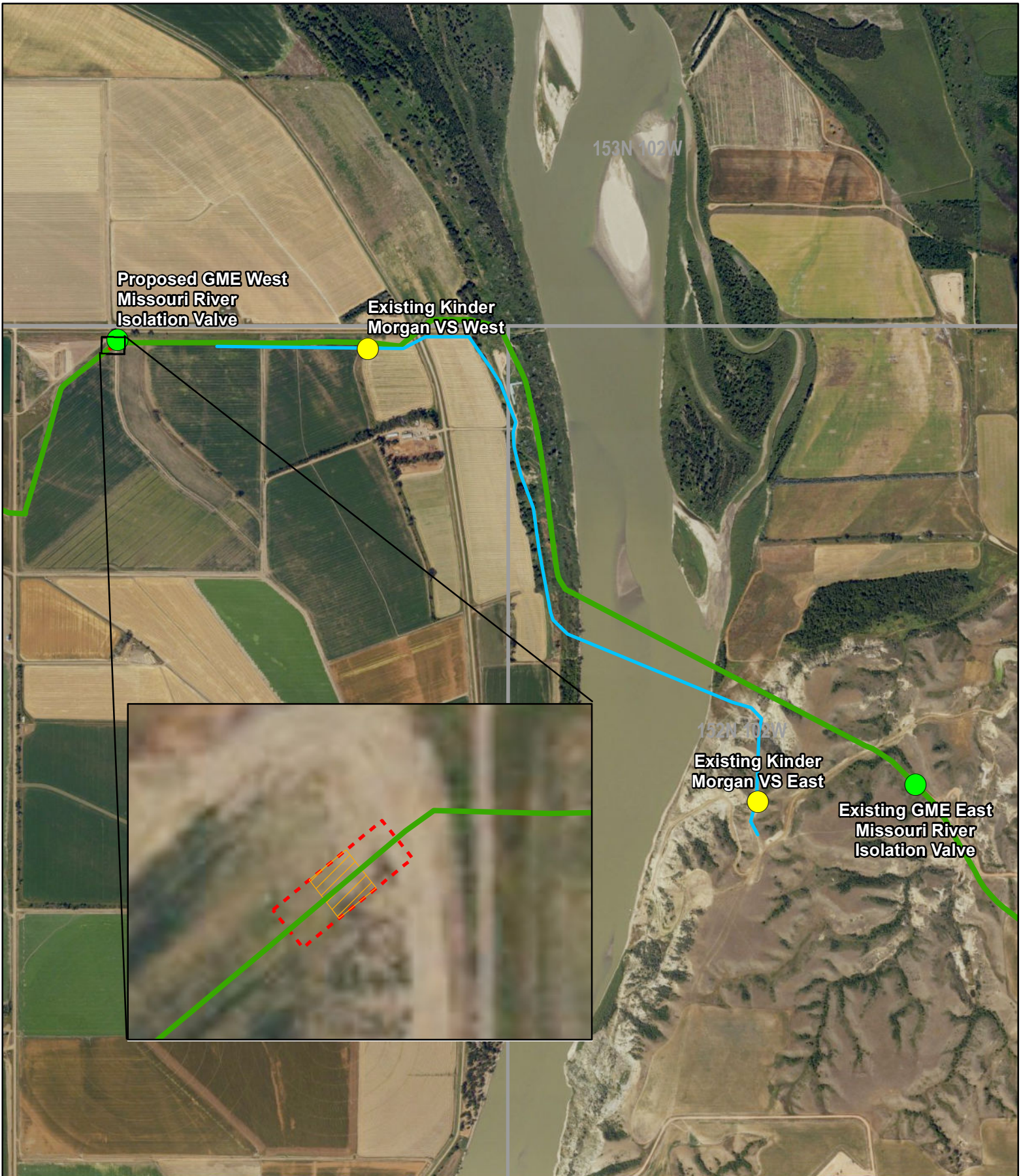
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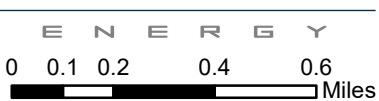
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-  Missouri River Crude Oil line
-  Oil Terminal



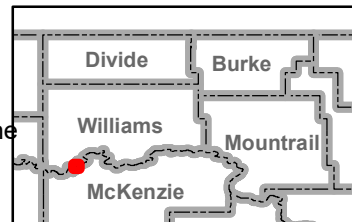


GRAYSON MILL



- Kinder Morgan VS
- Isolation Valve Locations
- temporary area of disturbance
- KMI Oil Line
- permanent disturbance
- Missouri River Crude Oil line

EXHIBIT
D



April 17, 2024

Mr. Kerry Morgan
DOT/PHMSA Specialist
Grayson Mill Operating, LLC
840 W Sam Houston Pkwy N, Suite 300
Houston, TX 77024

Subject: Sovereign Land Permit No. S-1749

Dear Mr. Morgan:

Thank you for reaching out to the Department of Water Resources (Department) concerning Sovereign Land Permit No. S-1749 (S-1749) signed by the State Engineer on January 27, 2012, authorizing Brigham Oil & Gas, LP, Williston, North Dakota to install an 8-inch welded steel crude oil pipeline beneath the bed of the Missouri River in Williams and McKenzie Counties via horizontal directional drilling (HDD) (Project).

You stated that Grayson Mill Operating, LLC, Houston, Texas (Grayson Mill) has recently acquired the crude oil pipeline and is inquiring about the need and process to amend S-1749 to reflect the change in ownership and authorize the relocation of an emergency shut-off valve located on private land.

The Project as originally designed and authorized involved installing an 8-inch welded steel carrier pipe (Carrier Pipe) within a 12-inch welded steel casing pipe (Casing Pipe). The thought and intent of the design being that a "pipe within a pipe" would lessen the risk of crude oil loss into the environment should the Carrier Pipe fail. However, soon after the Project was authorized, the Department was made aware that the "pipe within a pipe" methodology of pipeline construction was no longer a recommended practice. Independent and pipeline industry research had concluded that the "pipe within a pipe" method of installation could actually increase the risk of pipeline failure due primarily to damage that can occur to the Carrier Pipe's cathodic protection while installing the Carrier Pipe in the Casing Pipe.

In keeping with those industry recommendations, Brigham installed the Carrier Pipe without pulling it through a Casing Pipe as originally designed and authorized. While S-1749 was not amended to reflect this design and installation modification, it was documented by the Department in the Project file.

You provided that Brigham put the pipeline into service without incident and eventually sold the pipeline and associated assets to Statoil USA, now doing business as Equinor Pipeline, LLC, Stamford, Connecticut (Equinor). Equinor took the pipeline out of service in 2017 to accommodate relocating the east emergency shut-off valve to a location closer to the river in order to minimize the length of

pipeline between the north and south ESVs. Equinor did not relocate the ESV and the pipeline remains out of service.

Grayson Mill acquired the pipeline and other assets from Equinor in 2021 with the intent of putting the crude oil pipeline back into service. In preparation for that, Grayson Mill is seeking authorization to relocate the east emergency shut-off valve, amend S-1749 to reflect their ownership of the Project, as well as obtain a siting permit from the North Dakota Public Service Commission.

As we discussed in an April 2, 2024, phone conversation, the State of North Dakota takes title to the bed and banks of the Missouri River up to the ordinary high water mark (OHWM) as sovereign lands of the state. Any projects located at least partially within the OHWM of a navigable waterbody requires authorization from the Department prior to construction. While the location of emergency shut-off valves and other upland safety features are imperative to the safe and reliable operation and maintenance of that portion of the pipeline crossing the Missouri River, the Department does not directly authorize those Project features that occur entirely above the OHWM of the river. As such, relocation of the emergency shut-off valves does not require authorization from the Department.

Also, a change in Project ownership does not require a new or amended sovereign land permit. The sovereign land permit is fully transferable to the new owner provided the new owner adheres to the project design and permit conditions as originally authorized or amended by the Department.

The Project file for S-1749 will be updated to reflect the location of the east emergency shut-off valve and that the permit holder is now:

Grayson Mill Operating, LLC
840 W Sam Houston Parkway N, Suite 300
Houston, TX 77024

Thank you again for reaching out to the Department and for your assistance in this effort. If you have any questions or if we can be of further assistance, please reach out to me by email at gheiser@nd.gov or by phone at (701) 328-4935.

Sincerely,



Gerald R. Heiser
Sovereign Land Manager

Sovereign Land Permit No. S-1749

Permittee: **Brigham Oil & Gas, L.P.**
2120 26th St. W., Suite 102
Williston, ND 58801

Location: **S ½ of Section 6, Township 152 North, Range 102 West, McKenzie and Williams Counties**

Project Description:

The Permittee is hereby authorized to construct an 8-inch crude oil pipeline beneath the Missouri River via directional bore in McKenzie and Williams Counties. The bore will begin and end on private land adjacent to the river.

Specifically, the bore will be approximately 3,045 feet in length. The beginning and end points of the bore will be approximately 120 feet from the west channel bank and approximately 1,500 feet from the east channel bank of the Missouri River. A 12-inch steel casing pipe will be placed 70 to 90 feet beneath the bed of the Missouri River via directional bore. The casing pipe will be a 12-inch by 0.500-inch wall steel pipe with full depth weld and 100 percent X-ray. An 8-inch carrier pipe will be placed inside the casing to transport crude oil to sales points. The carrier pipe will be an 8-inch by 0.280-inch wall pipe with 100 percent X-ray.

Casing spacers will be placed every 8 feet within the casing pipe. Casing spacers are stainless steel bands with G-2 glass reinforced polyester runners (Model PSI S8G-2). Both ends of the casing pipe will be sealed. Both end seals will be a series of link seals, bentonite, and end seals encased in flowable fill. Annular space will be filled with Hydro-Safe, No-Ox Liquid Elevator Casing Filler E-800. A 4-inch vent pipe with level sensors tied by a remote transmitter to a SCADA system will be constructed on the east end of the casing pipe off of U. S. Army Corps of Engineers property. A containment area will be constructed at this location. Automatic pressure sensitive shut-off valves tied to the SCADA system will be installed at each end of the bore.

This authorization is subject to the conditions listed below and to the attached North Dakota Department of Health "Construction and Environmental Disturbance Requirements." Any other use of sovereign land is prohibited. Any proposed additional use must comply with the application and permitting process and all other requirements of state law.

General Conditions

1. Construction of the pipeline under the Missouri River via directional bore is a privileged use of a public resource and does not constitute a property right. The public use and enjoyment of the Missouri River is of high priority.
2. The pipeline will be installed between 70 and 100 feet below the lowest point of the riverbed as determined by a current channel cross section.
3. The bore will begin and end approximately 120 feet from the west and approximately 1,500 feet from the east channel banks of the Missouri River.
4. Each end of the casing pipe will be sealed.
5. Pressure sensitive shut-off valves will be installed at each end of the bore.
6. All construction, maintenance, and reclamation activities shall be carried out in a manner reasonably designed to prevent degradation of the Missouri River.
7. No work is to be conducted within the Missouri River from April 15 to June 1 to protect fisheries resources.
8. The Permittee will implement erosion control measures to minimize the opportunity for sediments to enter the Missouri River.
9. All construction debris or excess material shall be disposed of in a non-wetland, non-timbered upland site or in an approved landfill.
10. All disturbed sites are to be revegetated with species native to the project area.
11. This Authorization is site specific for the project as proposed and outlined in the application and supporting documents. Any changes or deviation from the site or design will need authorization from the State Engineer.
12. At the discretion of the State Engineer, in accordance with the exercise of any of the State Engineer's duties, the project is subject to modification or removal at the expense of the permittee.
13. The State Engineer or the State Engineer's representative shall have access to inspect the authorized project during construction and associated activities and for the life of the project to ensure that it is being or has been accomplished and maintained in accordance with the terms and conditions of this Authorization.
14. By granting this Authorization, no liability for damages of any kind, including those caused by improper construction, operation and maintenance, design or failure in design, materials,

or workmanship, is assumed by or transferred to the State of North Dakota, the State Engineer, the State Water Commission or any of their respective employees, agents, or assigns. The Permittee will indemnify and hold harmless the State of North Dakota, its officials, employees, agents, boards, commissions, and assigns for any and all liability for work performed and action taken under this Authorization.



Todd Sando
State Engineer

Date: 11/27/12

**BEFORE THE STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Grayson Mill Operating, LLC
8-inch Crude Oil Line – Williams & McKenzie Counties
N.D.C.C. § 49-22.1-23**


Case No. PU-24-__

**DECLARATION OF BLAKE SULLENS IN SUPPORT OF
REQUEST FOR APPROVAL OF TEMPORARY FACILITY OPERATIONS
AND CERTIFICATION PURSUANT TO N.D.C.C. § 49-22.1-23**

I, Blake Sullens, pursuant to N.D.C.C. § 49-22.1-23 hereby declare as follows:

1. I am the Chief Operating Officer for Grayson Mill Operating, LLC (“Grayson Mill”). I am authorized to make this Declaration on behalf of Grayson Mill, and hereby certify the below information.
2. This Declaration is submitted in support of Grayson Mill’s accompanying Request for Approval of Temporary Facility Operations (“Request”). The Request was prepared under my direction and supervision and good cause exists for its approval.
3. Pursuant to N.D.C.C. § 49-22.1-23(1), the reasons outlined in the Request demonstrate that the activities will have no adverse impacts upon the welfare of the citizens of North Dakota or the environment.
4. I declare, under the penalty of perjury under the law of North Dakota, that the foregoing information and the contents of the Request are true and correct to the best of my knowledge, information, and belief.

Signed on the 30th day of May, 2024, at Harris County, Texas, United States of America.



By: Blake Sullens
Title: Chief Operating Officer
Grayson Mill Operating, LLC

