

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Hiland Crude, LLC
Gullickson Reroute Pipeline Project
Siting Application

Case No. PU-25-083

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

July [], 2025

Appearances

Commissioners Randy Christmann, Sheri Haugen-Hoffart, and Jill Kringstad.

Lawrence Bender, Fredrikson & Byron, P.A., 304 E. Front Avenue, Suite 400,
Bismarck, North Dakota 58504 on behalf of Hiland Crude, LLC.

Zachary Pelham, Special Assistant Attorney General, 314 E. Thayer Avenue,
Bismarck, North Dakota 58501, North Dakota Public Service Commission.

Hope L. Hogan, Administrative Law Judge, Office of Administrative Hearings, 2911
North 14th Street, Suite 303, Bismarck, North Dakota 58503, as Procedural Hearing
Officer.

Preliminary Statement

On March 3, 2025, Hiland Crude, LLC (Hiland), filed with the North Dakota Public Service Commission (Commission) a combined application for a certificate of corridor compatibility and route permit concerning the location and construction of an 8-inch steel crude oil pipeline, approximately 3.4 miles long, in McKenzie County, North Dakota (Application).

Also on March 3, 2025, Hiland filed an application for waiver of procedures and time schedules established in North Dakota Century Code Chapter 49-22.1 and North Dakota Administrative Code Section 69-06-01-02 and Chapter 69-06-06 regarding separate notices and separate hearings on the consolidated Application.

On April 14, 2025, the Commission provided notification of the Application to the townships with retained zoning authority, cities, and counties in which any part of the proposed pipeline corridor is located.

On May 22, 2025, the Commission issued a Notice of Filings and Notice of Public Hearing scheduling a public hearing for July 3, 2025, at 8:00 a.m. Central Time, at Teddy's Residential Suites, 113 9th Avenue Southeast, Watford City, North Dakota 58854 (Notice).

On June 4, 2025, the Commission deemed the Application complete.

The Notice identified the following issues to be considered with respect to the 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?

The Notice identified the following issues to be considered with respect to the application for waiver of procedures and time schedules:

1. Is the proposed facility of such length, design, location, or purpose that it will produce minimal adverse effects and that adherence to applicable procedures and time schedules may be waived?
2. Is it appropriate for the Commission to waive any procedures and time schedules as requested in the application?

As set forth in the Notice, the public hearing on the Application was consolidated with the public hearing on the consolidated application for a certificate of corridor compatibility and route permit submitted by Hiland in Case No. PU-25-084.

On July 3, 2025, the consolidated public hearing was held as scheduled allowing any interested parties to present testimony in person. Hiland submitted Exhibits 1 through 3 which were admitted at the hearing.

Having allowed all interested persons an opportunity to be heard, and having heard, reviewed, and considered all testimony and evidence presented, the Commission makes its:

Findings of Fact

1. Hiland Crude, LLC is an Oklahoma limited liability company authorized to do business in the State of North Dakota, as evidenced by the certificate of good standing filed with the Application in this case.

Size, Type, and Preferred Location of Facility

2. Hiland intends to construct an approximately 3.4-mile-long crude oil pipeline in McKenzie County, North Dakota (Project). The Project will connect two existing crude oil pipelines owned and operated by Hiland.

3. The Project will be 8-inch outside diameter steel pipe with a wall thickness of 0.219-inches (0.322-inches for bored locations) and a maximum operating pressure of 1,440 pounds per square inch. The maximum operating temperature of the Project will be 100 degrees Fahrenheit.
4. The Project will have a maximum design capacity of 80,000 barrels per day.
5. Aboveground facilities for the Project will be limited to pipeline markers, cathodic test stations, one pig launcher, one pig receiver, and two existing block valves.
6. The proposed corridor for the Project is a 300-foot-wide area generally centered on the Project route. The proposed locations of the Project corridor and Project route are depicted on the maps attached as Exhibit B to the Application.
7. Hiland testified that construction of the Project will take approximately six months with an anticipated Project in-service date of November 2025.
8. The estimated cost of the Project is approximately \$9.5 million.

Study of Preferred Location

9. Hiland initiated correspondence seeking comments from the following federal, state and local agencies regarding the Project:
 - a. Federal: (1) Federal Aviation Administration; (2) U.S. Fish and Wildlife Service; (3) U.S. Army Corps of Engineers; (4) U.S. Department of Defense; (5) Federal Bureau of Land Management; (6) Grand Forks Air Force Base; (7) Minot Air Force Base; (8) Military Aviation and Installation Assurance Siting Clearinghouse; (9) Natural Resource Conservation Service; (10) Twentieth Air Force Ninety-first Missile Wing.
 - b. State: (1) ND Attorney General; (2) ND Department of Agriculture; (3) ND Department of Career and Technical Education; (4) ND Department of Commerce; (5) ND Department of Environmental Quality; (6) ND Aeronautics Commission; (7) ND Department of Human Services; (8) ND Department of Labor and Human Rights; (9) ND Department of Transportation; (10) ND Department of Trust Lands; (11) ND Energy Infrastructure and Impact Office; (12) ND Game and Fish Department; (13) ND Office of the Governor; (14) ND Indian Affairs Commission; (15) ND Industrial Commission; (16) Job Service of North Dakota; (17) ND Forest Service; (18) ND Geological Survey; (19) ND Pipeline Authority; (20) ND Transmission Authority; (21) ND Parks and Recreation Department; (22) ND Department of Health; (23) ND State Historical Society; (24) ND Department of Water Resources.
 - c. Local: (1) McKenzie County Commission; (2) McKenzie County Weed Control Board.

10. Hiland conducted a Class I cultural resource literature review and a desktop analysis for wetlands, waterbodies, and other sensitive environmental resources across a one-mile-wide area centered on the Project route (Study Area).

11. Hiland conducted surveys across an approximately 300-foot-wide area centered on the Project route (Survey Area). Hiland conducted surveys for wetlands, waterbodies, threatened and endangered species, critical habitats, noxious weeds, and trees/saplings/shrubs. Hiland also conducted a 0.5-mile line-of-sight binocular survey for raptor nests.

12. Hiland conducted a Class III cultural resources inventory across the Survey Area. The Class III report was submitted to the North Dakota State Historic Preservation Office (SHPO). Hiland testified that it is coordinating with SHPO regarding the eligibility of a cultural resource site located within the Survey Area. SHPO concurrence is commonly required by the Commission prior to the construction of the Project.

Siting Criteria

13. The Commission has established criteria pursuant to North Dakota Century Code Section 49-22.1-03 to guide the site, corridor, and route suitability evaluation and designation process. The criteria, as set forth in North Dakota Administrative Code Section 69-06-08-02, are classified as Exclusion Areas, Avoidance Areas, Selection Criteria, and Policy Criteria.

14. Hiland evaluated the Project for the Exclusion Areas, Avoidance Areas, Selection Criteria, and Policy Criteria of the Commission.

15. An Exclusion Area is a geographic area that must be excluded in the consideration of a route for a transmission facility. An Exclusion Area may be located within a corridor, but at no given point may such an area or areas encompass more than fifty percent of the corridor width unless there is no reasonable alternative. A transmission facility route must not be sited within an Exclusion Area.

16. Designated or registered state archeological sites are considered Exclusion Areas. Hiland identified one state archeological within the Survey Area and has initiated a testing plan approved by SHPO to determine eligibility of the site. If testing confirms eligibility, Hiland testified that it will develop a data recovery, mitigation or avoidance plan approved by SHPO for this site.

17. Areas critical to the life stages of threatened or endangered animals or plant species are considered exclusion Areas. A small portion of the U.S. Fish and Wildlife Service (USFWS) designated piping plover critical habitat is located approximately 0.53 miles from the Project corridor along the Missouri River. Hiland testified that it has consulted with the USFWS and the North Dakota Game and Fish Department to avoid impacts to these habitats.

18. Hiland's studies and surveys did not identify any other Exclusion Areas within the Survey Area.

19. An Avoidance Area is a geographic area that may not be considered in the routing of a transmission facility unless the applicant shows that, under the circumstances, there is no reasonable alternative. In determining whether an Avoidance Area should be designated for a transmission 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 routes. Avoidance Areas may be located within a corridor, but cannot encompass more than fifty percent of the corridor width unless there is no reasonable alternative.

20. Historical resources not specifically designated as exclusion or avoidance areas are considered Avoidance Areas. Hiland identified one area of historical resources not specifically designated as an exclusion or avoidance area within the Survey Area. Hiland testified that that the Project route avoids this area and no impacts are anticipated.

21. Water sources for organized rural water districts are considered Avoidance Areas. The Western Area Water Supply Authority (WAWSA) project is located within the Survey Area. Hiland testified that that the Project route does not cross any WAWSA mapped water lines.

22. Hiland's studies and surveys did not identify any other Avoidance Areas within the Survey Area.

23. In accordance with the Commission's Selection Criteria set forth in North Dakota Administrative Code Section 69-06-08-02(3), a transmission facility corridor or route shall be approved only if it is demonstrated that any significant adverse effects that will result from the location, construction, and maintenance of the transmission facility will be at an acceptable minimum, or that those effects will be managed and maintained at an acceptable minimum. Hiland has analyzed the impacts of the Project in relation to all relevant Selection Criteria.

24. Hiland testified that it will employ horizontal directional drilling (HDD) technique to cross any wetlands and waterbodies to avoid impacts to those features.

25. The Project will have no significant adverse effects on the Commission's Selection Criteria.

26. Hiland analyzed the relevant Policy Criteria set forth in Section 69-06-08-02(4) of the North Dakota Administrative Code. There is no need for the Commission to give preference to the applicant in this proceeding.

Additional Measures to Minimize Impact

27. Hiland has agreed to a number of steps to mitigate the impact of the Project, as indicated by the executed Certification Relating to Order Provisions – Transmission Facility Siting, with accompanying Tree and Shrub Mitigation Specifications, which is incorporated by reference and attached to this Order.
28. The Project will be designed, constructed, and operated in accordance with U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA) regulations utilizing industry standards.
29. Hiland has developed a comprehensive construction standards control document that includes a Stormwater Pollution Prevention Plan, a Dust Control Plan, a Waste Management Plan, and addresses mitigation measures for upland construction, wetland crossings, dewatering and hydrostatic testing and revegetation.
30. Hiland has also developed an HDD Inadvertent Return Mitigation Plan, an Unanticipated Discoveries Plan, and a Spill Prevention, Control and Countermeasure Plan that provides control measures to prevent spills and measures to control and remediate any spills that may occur.
31. Hiland will implement a Weed Management Plan for controlling noxious weeds.
32. The pipeline will be under cathodic protection to prevent corrosion, and Hiland will hydrotest the entire pipeline prior to commencing operations to validate pipeline integrity. All welds on the newly constructed pipeline will be x-rayed and inspected to ensure weld integrity and compliance with welding codes.
33. Hiland will conduct regular pipeline monitoring, periodic inspection, internal inspections, and foot patrol inspections as required by U.S. Department of Transportation regulations.
34. The Project will have a leak detection system comprised of a line balancing system with transmitters capable of relaying temperature, pressure, and density information among other things. A Supervisory Control and Data Acquisition system will allow Hiland to monitor the flow and pressure of the system that triggers an alarm for anything outside normal operating conditions 24 hours a day, 7 days a week, and 365 days a year. Hiland will have employees located near the Project route to respond in the event of an emergency.
35. Hiland testified it will collaborate with local emergency response officials and meet with them on an annual basis to discuss their Emergency Response Plan. Hiland will also coordinate with local emergency response officials to develop an appropriate Emergency Response Plan.
36. Hiland participates in the North Dakota One-Call notification system.

37. Hiland will comply with all applicable safety laws and standards.

From the foregoing Findings of Fact, the Commission now makes its:

Conclusions of Law

1. The Commission has jurisdiction over the applicant, Hiland Crude, LLC, and the subject matter of the Application under Chapter 49-22.1 of the North Dakota Century Code.
2. Hiland is a utility as defined in Section 49-22.1-01(13) of the North Dakota Century Code.
3. The Project is a liquid transmission facility as defined in Section 49-22.1-01(7) of the North Dakota Century Code.
4. The construction, operation, and maintenance of the Project will produce minimal adverse effects on the environment and upon the welfare of the citizens of North Dakota.
5. The Project is compatible with environmental preservation and the efficient use of resources.
6. The construction, operation, and maintenance of the Project minimizes 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.
7. The proposed facility at the proposed location will produce minimal adverse effects, and it is appropriate for the Commission to waive applicable procedures and time schedules as requested in the application for waiver of procedures and time schedules pursuant to North Dakota Century Code Section 49-22.1-05 and North Dakota Administrative Code Chapter 69-06-06.

From the foregoing Findings of Fact and Conclusions of Law, the Commission makes the following order:

Order

1. Hiland's application for a waiver of procedures and time schedules is granted.
2. Hiland shall construct, operate, and maintain the pipeline in accordance with the Commission's Findings of Fact.
3. Certificate of Corridor Compatibility No. [] is issued to Hiland Crude, LLC designating a corridor for the construction, operation, and maintenance of approximately 3.4 miles of 8-inch outside diameter crude oil pipeline and associated facilities in McKenzie County, North Dakota. The corridor consists of a 300-foot-wide area generally centered on the Project route as identified on Exhibit B to the Application and identified precisely by the associated GIS map data provided to the Commission.

4. Route Permit No. [] is issued to Hiland Crude, LLC designating a route for the construction, operation, and maintenance of approximately 3.4 miles of 8-inch outside diameter crude oil pipeline and associated facilities in McKenzie County, North Dakota. The route is identified on Exhibit B to the Application and identified precisely by the associated GIS map data provided to the Commission. The designated route includes a route construction buffer of 20 feet on each side of the designated route, contingent upon not impacting an Avoidance Area unless Hiland receives written authorization from the Commission before conducting any associated construction activities. Construction activities must not impact an Exclusion Area.
5. The Certification Relating to Order Provisions - Transmission Facility Siting (Certification), with accompanying Tree and Shrub Mitigation Specifications, executed by Hiland on July 1, 2025, is incorporated by reference and attached to this Order.
6. To the extent there are any conflicts or inconsistencies between Hiland's Application and the Certification, the Certification provisions control.
7. Hiland shall not begin construction on any portion of the Project for which it has not received concurrence from SHPO. Hiland shall update the Commission with respect to any concurrence or non-concurrence provided by SHPO.
8. Hiland shall obtain all other necessary licenses and permits prior to commencing construction on such portion of the Project for which the license and/or permit is required and shall provide copies of such licenses and permits to the Commission prior to construction.
9. Hiland is required to comply with all applicable laws, rules, and/or regulations in the event it desires to construct another or a different transmission facility than was specified in the Application within the corridor designated in this proceeding.

PUBLIC SERVICE COMMISSION

Sheri Haugen-Hoffart
Commissioner

Randy Christmann
Chair

Jill Kringstad
Commissioner