



INDUSTRIAL COMMISSION OF NORTH DAKOTA

NORTH DAKOTA PIPELINE AUTHORITY

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The Pipeline Publication

Keeping North Dakota Connected

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Greetings

Greetings from the North Dakota Pipeline Authority! There have been some exciting pipeline developments since the last issue of the Pipeline Publication. This issue will be devoted to highlighting the new projects/proposals that seek to further increase crude oil pipeline capacity out of the Williston Basin. Additional project information, past newsletters, maps, reports, and more are available on the Pipeline Authority website, www.pipeline.nd.gov.

Kinder Morgan Announces Open Season

On May 29, 2009, Kinder Morgan Energy Partners announced an open season for their "Bakken Crude Project". The proposed crude oil project would utilize their existing Cochin Pipeline traveling through ND to transport up to 30,000 barrels per day to markets in St. Paul, Toledo, and Detroit. Currently, the Cochin Pipeline is transporting only propane, but with minor modifications the pipeline would also be able to ship batches of Bakken crude oil.

Running through July 17, 2009, the open season procedure allows interested shippers to commit to three or five year terms. If sufficient support is received during the open season, the projected in-service date is February 1, 2011. Project Information can be found in the "News" section of the Pipeline Authority Website.

Enbridge Proposes Further Expansion

In addition to the previously announced Phase 6 expansion of the Enbridge North Dakota System, Enbridge is proceeding with design and engineering to reverse the existing cross-border Portal Pipeline. This reversal would provide an additional 30,000 barrels of oil per day (BOPD) of capacity out of North Dakota by the summer of 2011. The "Portal Reversal Expansion Project" or PREP, would connect the North Dakota system to the Enbridge Saskatchewan System and ultimately to Enbridge's crude oil mainline system near Cromer, MB. Once in Enbridge's mainline system, the North Dakota crude oil would re-enter the United States and move to Clearbrook, MN for further transportation. Subsequent expansions on this system could provide up to 115,000 BOPD deliveries into Cromer, MB as early as 2013.

The Phase 6 expansion of the Enbridge North Dakota System will boost capacity from 110,000 to 161,000 BOPD by early 2010. Ultimately, the Enbridge Phase 6 and PREP expansions could provide up to 276,000 BOPD of pipeline capacity from North Dakota into Clearbrook, MN. Enbridge has also recently completed expansions of their Southern Access and Spearhead pipelines to ensure pipeline bottlenecks in the midcontinent region will not hinder crude transportation for Williston Basin producers. Project information can be found in the "Current Projects" portion of the Pipeline Authority Website.

Results of Feasibility Study Released

In April, the Pipeline Authority received the results of a feasibility study that suggested new pipeline route options and addressed the technical challenges of Bakken crude oil being transported in the TransCanada Keystone pipelines. The study results suggest that if access to the Keystone pipelines is desirable, a twelve inch pipeline running from Mountrail County to an interconnect in Saskatchewan is the most feasible route option. The results of the Kadrmass, Lee, & Jackson and Rooney Engineering study were presented to industry in Regina, SK and are available in the "Publications" portion of the Pipeline Authority website.

	Feb-09	Mar-09	Apr-09
Average Daily Oil Production, BOPD	192,272	195,798	196,383
Average Daily Gas Production, MMCFD	218.12	243.51	248.13
Wells Producing	4,148	4,202	4,252
Wells Spudded	45	49	40

As of June 26, 2009, there are 41 active rigs in North Dakota.

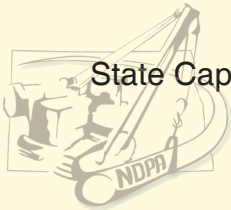
Trade Organizations Supporting Expansion Options

In an effort to support the timely implementation of additional pipeline capacity in the Williston Basin, local trade organizations are working hard to gather support for the various transportation solutions. The Northern Alliance of Independent Producers, a trade association representing oil and gas producers in the Dakotas and Montana, has formed a Pipeline Committee among its members. With several expansion proposals now available, the twelve member committee is reaching out to the pipeline companies to support and build the necessary momentum to carry the proposals forward.

The North Dakota Petroleum Council has been informing its members of the regional expansion proposals and the opportunities available to North Dakota producers to participate in these projects. The Pipeline Authority will be giving a comprehensive presentation of all the expansion options at the Petroleum Council's Annual Meeting in September.

EOG Begins Construction of Rail Facility

EOG Resources has started construction on a new crude oil rail loading facility near Stanley, ND. Scheduled to begin operation in December 2009, the facility could ultimately ship up to 60,000 BOPD to Cushing, OK and other major crude hubs. Along with new track being installed, two 60,000 barrel tanks are being constructed to handle the increasing volume of oil from nearby oil fields.



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