



INDUSTRIAL COMMISSION OF NORTH DAKOTA

NORTH DAKOTA PIPELINE AUTHORITY

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The Pipeline Publication

Keeping North Dakota Connected

Volume I Issue 2

Greetings

Greetings from the North Dakota Pipeline Authority! This newsletter is the second in a series of quarterly publications designed to keep North Dakota policy makers and involved parties informed on current issues in the pipeline industry.

Pipeline Authority Recommends Keystone Study

The NDPA is currently receiving proposals for a study that will investigate the feasibility of a third party pipeline company interconnecting with either TransCanada's Keystone or Keystone XL pipelines. The goals of the study are to determine whether the pipeline system can be economically constructed and operated, the timeline of such a project, and a proposed route. The study is scheduled to be completed by the end of March 2009.

Pipeline Authority Participates in Town Hall Meetings

The NDPA recently spoke to approximately 450 people in a series of town hall meetings throughout Western North Dakota. The meetings were part of the North Dakota Petroleum Council's "Oil Can!" initiative and were designed to allow for open communication between industry representatives and interested parties, such as landowners, policy makers, media, and the general public. Meeting presentations can be found on the ND Petroleum Council website www.ndoil.org.

Pecan Pipeline Plans to Carry Bakken Gas to Alliance Pipeline

For the first time, Alliance Pipeline will move North Dakota's Bakken gas to markets in the Chicago, IL area. Pecan Pipeline has proposed the Prairie Rose Pipeline, a 12 inch, 75 mile pipeline that will run from Mountrail County to a connection point with Alliance near Towner, ND. What makes this project unique is that the Bakken gas will not have to undergo the traditional gas processing before being injected into the Alliance system. The natural gas liquids (NGL), such as propane and butane, will be removed from the gas stream at a processing facility near Chicago, IL and then sold to area markets.

In order for Alliance to accept the Bakken gas with its NGL, the Federal Energy Regulatory Commission (FERC) had to approve a revision to Alliance's gas specifications that would waive previous restrictions to such shipments. The NDPA intervened by submitting a letter of support to FERC for Alliance's gas specifications waiver. President of Pecan North Dakota, Ray L. Ingle said the following in an Alliance news release, "We appreciate the support of the FERC, the State of North Dakota and other entities in helping to advance this important project."

Additionally, Pecan Pipeline has filed with FERC and the North Dakota Public Service Commission to be considered a gas gathering system and not a transmission pipeline. The NDPA has also intervened in this matter by submitting a letter of support to FERC, and at the time of publication, no rulings have been made by either FERC or the Public Service Commission.

The Prairie Rose Pipeline is scheduled to be completed during the summer of 2009. Plans are to transport 20-40 million cubic feet per day (MMCFD) in 2009 and increase to 80 MMCFD in 2010.

Williston Basin Plans Two Expansions for December

Williston Basin Interstate Pipeline Co. has two pipeline expansion projects scheduled to be completed this month. The first project to be completed is the "Sheyenne Expansion," which will increase natural gas deliveries by 10 million cubic feet per day (MMCFD) to Eastern ND. The second expansion, scheduled to be completed this month, is the "Bakken Expansion." The "Bakken Expansion" will occur by making a connection to the Northern Border Pipeline at Ft. Buford, ND. The expansion has an initial design capacity of 32 MMCFD and could be expanded further to 60 MMCFD. Additionally, Williston Basin is actively marketing to obtain shipper support for their "Bakken Pipeline." The proposed pipeline would deliver Bakken gas containing natural gas liquids to Alliance Pipeline with an initial capacity of 100 MMCFD and could be expanded to 200 MMCFD.

New Website Under Construction

The NDPA is currently constructing a new and improved website in order to better provide for industry and public needs. The new site will include current news, projects, maps, publications, production and capacity information, as well as a new GIS based information map service.

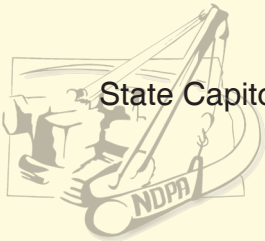
The new site, www.pipeline.nd.gov, is scheduled to be launched early 2009.

Crude Oil Expansion to the South

In September, True Co.'s Butte Pipeline system added an estimated 12,000 barrels per day (BOPD) of capacity to its existing 92,000 BOPD system. The Butte Pipeline carries crude oil from Eastern Montana and Western North Dakota to Guernsey, WY for further transportation to regional refiners. The system expansion was obtained by implementing drag reducing chemicals into the pipelines in order to reduce friction and increase product flow.

North Dakota Statistics

September Average Daily Oil Production	188,246 BOPD
September Average Daily Gas Production	257.8 MMCFD
September Wells Producing	4,193
September Wells Spudded	73
Active ND Rig Count – Dec. 5, 2008	91



ND Pipeline Authority

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