



INDUSTRIAL COMMISSION OF NORTH DAKOTA

NORTH DAKOTA PIPELINE AUTHORITY

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The Pipeline Publication

Keeping North Dakota Connected

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Tesoro Refinery Completes Turnaround

After over a month of around the clock maintenance and upgrade work, Tesoro's Mandan Refinery resumed operations on May 23. One of the major objectives of the turnaround was to increase the capacity of the Diesel Desulfurization Unit. The additional capacity will ensure that off-road diesel fuel for agricultural and industrial use can meet the new EPA mandated reduction in sulfur content from 500 to 15 parts per million. The last full refinery shutdown for the 58,000 barrel per day plant was in the fall of 2003 and lasted approximately 32 days. The 2010 turnaround was estimated to cost \$125 million.

Updated Natural Gas Report

In May, the Pipeline Authority released a new natural gas pipeline and processing report titled, "An Update on North Dakota's Natural Gas Infrastructure". The report was designed to explain the pipeline and processing investments North Dakota has had in the past several years, as well as highlight future projects that are in the development phase. The full report is available for download on the "Publications & Maps" page of our website.

ONEOK Announces New Gas Plant

On April 21, 2010, ONEOK Partners announced a new 100 MMCFD natural gas processing plant in eastern McKenzie County. The new "Garden Creek" plant will double ONEOK's processing capacity in North Dakota and is expected to be complete in late 2011. ONEOK estimates the new processing plant will require an investment of \$150 - \$210 million. An additional \$200 - \$205 million is scheduled to be invested in new gathering infrastructure during 2010 and 2011 to supply ONEOK's gas processing facilities.

Open Season Held for the "Bakken Expansion Project"

Williston Basin Interstate Pipeline Co. recently held an open season for the "Bakken Expansion Project". The project would allow Williston Basin the ability to inject up to an additional 30 million cubic feet per day (MMCFD) into the Northern Border Pipeline at the Charbonneau station. The open season was held from May 19 - June 2. Williston Basin is currently reviewing the results of the open season to determine the appropriate project scope and timing.

North Dakota Production Numbers

| | Feb-10 | March-10 | April-10 |
|-------------------------------------|---------|----------|----------|
| Average Daily Oil Production, BOPD | 261,179 | 277,332 | 284,345 |
| Average Daily Gas Production, MMCFD | 281.977 | 277.967 | 280.422 |
| Average Rig Count | 93 | 102 | 107 |
| New Gas Gathering Connections | 38 | 48 | 47 |

As of June 28, 2010, there are 124 active rigs in North Dakota.

www.pipeline.nd.gov

Hess Tioga Gas Plant Expansion

On April 13, 2010, Hess filed a letter of intent with the North Dakota Public Service Commission to expand the Tioga Gas Plant, currently the largest and oldest natural gas processing plant in the state. The plant expansion will more than double the current throughput with a new nameplate capacity of 250 MMCFD. Hess plans to begin construction in March 2011 and have the facility operational by December 2012. Hess anticipates the expansion to cost approximately \$325 million.

Quintana Files Letter of Intent

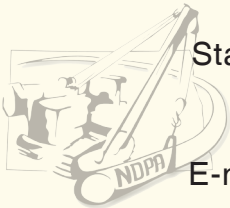
On June 9, Quintana Capital Group filed a letter of intent with the ND Public Service Commission for a new pipeline project that would connect the major producing regions of the basin with TransCanada's Keystone XL pipeline in Eastern Montana. The proposed \$250 million pipeline would have an initial capacity of 100,000 barrels of oil per day (BOPD) and could be expanded to 120,000 BOPD. 165 miles of 10 inch and 12 inch pipeline would connect production in Williams, McKenzie, and Mountrail counties to a 145 mile, 16 inch pipeline that would interconnect with the Keystone XL pipeline near Baker, MT. The pipeline has a proposed startup of March 2013. Quintana is currently working with producers and shippers in the basin to gain the necessary support to move forward. An open season for the project is expected, but has not been scheduled.



Pipeline Factoid

Utilizing high-tech communications and monitoring equipment, pipeline operators are able to observe in real time critical system information, such as pressure and flow rate. The pipeline data is collected and analyzed continuously at a facility known as the Supervisory Control and Data Acquisition system, or SCADA for short. In the event of an emergency, SCADA operators have the ability to quickly shut down the entire pipeline system.

ND Pipeline Authority



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