



INDUSTRIAL COMMISSION OF NORTH DAKOTA  
NORTH DAKOTA PIPELINE AUTHORITY

Governor  
**John Hoeven**  
Attorney General  
**Wayne Stenehjem**  
Agriculture Commissioner  
**Roger Johnson**

December 12, 2008

Commissioner Susan Wefald  
Commissioner Kevin Cramer  
Commissioner Tony Clark  
North Dakota Public Service Commission  
600 East Boulevard Avenue, Dept. 408  
Bismarck, ND 58505-4080

**RE: CASE NO. PU-08-871  
Pecan Pipeline (North Dakota), Inc.; Extension of Gas Gathering Facility From Palermo,  
North Dakota to Alliance Pipeline Interconnect Near Towner, North Dakota Referred To  
As The Prairie Rose Pipeline**

Dear Commissioners:

I am writing regarding the proposed extension of a gas gathering facility near Palermo, North Dakota (the "Proposed Extension") by Pecan Pipeline (North Dakota), Inc. ("Pecan North Dakota"), a wholly owned subsidiary of EOG Resources, Inc. ("EOG"). The North Dakota Pipeline Authority is supportive of Pecan North Dakota's natural gas pipeline project.

As you know, the 60<sup>th</sup> North Dakota Legislative Assembly in 2007 created the North Dakota Pipeline Authority. *See* N.D.C.C. § 54-17.7. The purpose of the Pipeline Authority is to diversify and expand "the North Dakota economy by facilitating development of pipeline facilities to support the production, transportation, and utilization of North Dakota energy-related commodities, thereby increasing employment, stimulating economic activity, augmenting sources of tax revenue, fostering economic stability, and improving the state's economy." N.D.C.C. § 54-17.7-03.

As part of its broad authority, the Pipeline Authority has, among other things, the power to "[c]onsult with the public service commission... as necessary," and to "[d]o any and all things necessary or expedient for the purposes of the authority provided" in the chapter. N.D.C.C. § 54-17.7-04(13) and (18).

The Pipeline Authority's main purpose is "facilitating development of pipeline facilities to support the production, transportation, and utilization of North Dakota's energy-related commodities." The Proposed Extension by Pecan North Dakota helps alleviate a shortage of pipeline infrastructure available in the Parshall-Bakken Pool and the Bakken formation generally. As energy development in this area of North Dakota continues to expand, it is crucial that companies such as Pecan North Dakota be allowed to provide the necessary infrastructure.

Pecan North Dakota's current processing facility does not have the capacity to meet the growing demand among producers in the Parshall-Bakken Pool. As the production of gas continues to

increase in the area, a lack of capacity threatens the current pace of development and will continue to result in the wasteful flaring of gas. The Proposed Extension will increase capacity and decrease the amount of flaring, resulting in both economic and environmental benefits.

The Proposed Extension provides a long-term solution to the gathering problems experienced by producers in the region. The Pipeline Authority respectfully encourages the Public Service Commission's consideration in favor of Pecan North Dakota's letter request, dated October 14, 2008, for a determination of non-jurisdictional status.

Should you have any questions, please advise.

Sincerely,

A handwritten signature in black ink, appearing to read 'Justin J. Kringstad', with a long horizontal flourish extending to the right.

Justin J. Kringstad, Director  
North Dakota Pipeline Authority

cc: Pecan Pipeline, Inc.  
4474480\_1.DOC