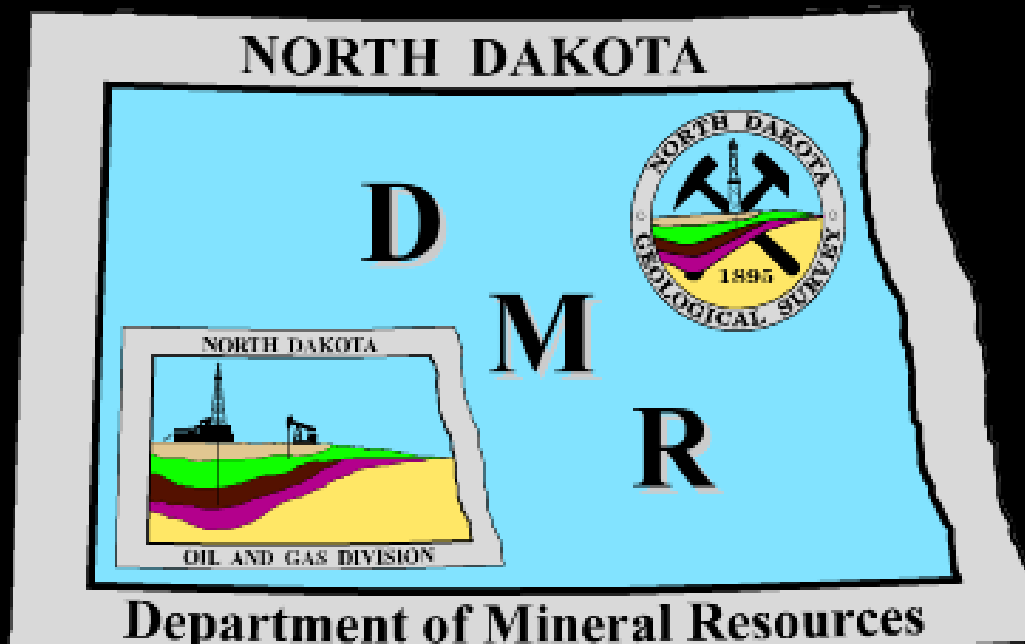


North Dakota Department of Mineral Resources



<http://www.oilgas.nd.gov>

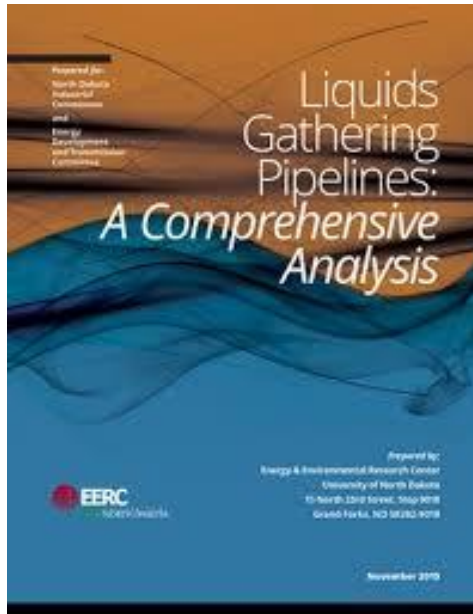
<http://www.state.nd.us/ndgs>

600 East Boulevard Ave. - Dept 405

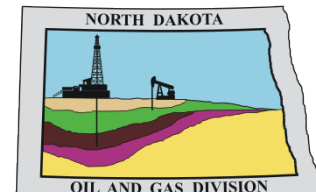
Bismarck, ND 58505-0840

(701) 328-8020 (701) 328-8000

EERC Study – “Liquids Gathering Pipelines: A Comprehensive Analysis”



<p>Observation</p>	<p>Most of the industry’s standard methods for leak detection are called out in API 1130 for regulated transmission pipelines. Advanced LDS methods are used infrequently by North Dakota gathering line operators.</p>
<p>EERC Study Key Finding #17</p>	<p>Company decisions regarding implementing new pipeline monitoring and leak detection technology rely upon, among other things, analysis of the cost and benefit. There is a need for objective data on the performance of different leak detection technologies under real-world conditions.</p>
<p>Resulting Recommendation</p>	<p>The gathering pipeline monitoring and leak detection pilot project prescribed by HB1358 will serve as a platform to test current and new leak detection technologies applied to gathering systems. This pilot project will test performance, determine infrastructure requirements, estimate costs to pipeline operators, and provide objective analysis of the cost/performance ratio.</p>



Proposed Rule Changes

Comments Received

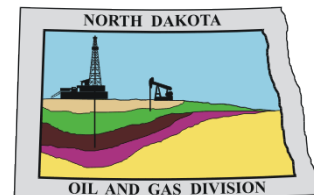
<p>Proposed NDAC 43-02-03-29.1 §10 Leak Detection and Monitoring</p>	<p>All crude oil and produced water underground gathering pipeline owners must file with the commission any leak detection and monitoring plan prepared by the owner or required by the director.</p>
<p>NDPC Comments</p>	<p>“NDPC also has a number of objections to subsection 10. First, it should be said that the term ‘leak detection’ should not be used in the title and the following subsection, as there is no system that can detect leaks 100 percent of the time, and the intent of statute is ‘protection’. The first statement in this subsection is ambiguous – there is uncertainty as to whether a plan is required, or just required to be submitted if an operator has a plan. It also seems unnecessary to file a leak detection and monitoring plan with the director, as this creates yet another pile of paperwork without benefit.”</p>
<p>Bridger Pipeline Comments</p>	<p>“Bridger has a number of concerns with this section. First, we believe that proposing this requirement at this time is premature. In fact the legislature in HB 1358 prescribed a pilot project to be conducted on the use of leak detection systems on gathering lines and the EERC is currently putting together that work to provide real information regarding cost benefit analysis...”</p>

***Phase II - Will evaluate the best available technology for pipeline leak detection and monitoring systems.**

Following Phase II: Leak Detection and Monitoring Pilot Demonstration Project

The “Leak Detection and Monitoring” section of the proposed rule was crafted using NDCC 38-08-27 with the intent of potentially adding requirements depending on the results of the EERC Phase II pilot demonstration project.

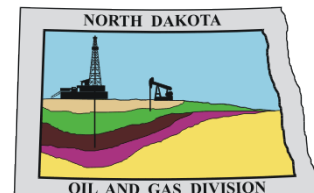
Future legislation and rulemaking may be necessary to incorporate the results of the EERC Phase II pilot demonstration project.



2015 Legislation

House Bill 1358

- **Upon request, the operator shall provide the commission** the underground gathering pipeline engineering construction design drawings, list of independent inspectors, and **a plan for leak protection.**
- Within 60 days of an underground gathering pipeline being placed into service, the operator of that pipeline shall file with the commission an independent inspector's certificate of hydrostatic or pneumatic testing of the underground gathering pipeline.
- Commission may now require a bond (amendment to 38-08-04 §1).
- Surface owner may now share GIS information (amendment to 38-08-26).
- The commission shall adopt the necessary administrative rules necessary to improve produced water and crude oil pipeline safety and integrity.
- Effective April 20th, 2015.



North Dakota Century Code 38-08-27

38-08-27. CONTROLS, INSPECTIONS, AND ENGINEERING DESIGN ON CRUDE OIL AND PRODUCED WATER UNDERGROUND GATHERING PIPELINES.

The application of this section is limited to an underground gathering pipeline that is designed or intended to transfer crude oil or produced water from a production facility for disposal, storage, or sale purposes and which was placed into service after August 1, 2015. **Upon request, the operator shall provide the commission** the underground gathering pipeline engineering construction design drawings and specifications, list of independent inspectors, and **a plan for leak protection and monitoring** for the underground gathering pipeline. Within sixty days of an underground gathering pipeline being placed into service, the operator of that pipeline shall file with the commission an independent inspector's certificate of hydrostatic or pneumatic testing of the underground gathering pipeline.

