

January 3, 2018

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, OR 97301-3398

Attn: Filing Center

RE: UP ___—PacifiCorp's Application for Approval of a Non-Exclusive Pipeline and Right-of-Way Agreement

PacifiCorp d/b/a Pacific Power encloses for filing its Application for Approval of a Non-Exclusive Pipeline and Right-of-Way Agreement with Pine Ridge Midstream, LLC.

PacifiCorp respectfully requests that all data requests regarding this matter be addressed to:

By E-Mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, Oregon, 97232

Please direct any informal inquiries with respect to me at (503) 813-6583.

Sincerely,



Natasha Siores
Manager, Regulatory Affairs

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UP _____

In the Matter of

PACIFICORP d/b/a PACIFIC POWER

Application for an Order Approving Non-Exclusive Pipeline License and Right-of-Way Agreement with Pine Ridge Midstream, LLC

APPLICATION OF PACIFICORP

Under ORS 757.480(1)(a) and in accordance with OAR 860-027-0025, PacifiCorp d/b/a Pacific Power (PacifiCorp) seeks approval from the Public Utility Commission of Oregon (Commission) of a Non-Exclusive Pipeline License and Right-of-Way Agreement (Agreement) between PacifiCorp and Pine Ridge Midstream, LLC (Pine Ridge Midstream), a non-affiliate. Pine Ridge Midstream is a midstream gas pipeline company specializing in constructing and maintaining pipelines that transport natural gas from well projects to larger collector lines, and ultimately product refineries. PacifiCorp owns property in Converse County, Wyoming, which is associated with the Glenrock Wind project (Company Property). Pine Ridge Midstream intends to install a petroleum gathering pipeline. The pipeline will connect several oil and gas wells (on Company Property) to a nearby gathering line (also on Company Property). In 2014, PacifiCorp executed a surface agreement allowing for an oil and gas well project on company lands. The purpose of this Agreement is to allow Pine Ridge Midstream to connect those wells to an underground gathering line, in accordance with the Agreement. A copy of the Agreement is included hereto as Attachment A.

I. BACKGROUND

PacifiCorp owns property in Converse County, Wyoming, which is associated with its Glenrock Wind project. The real estate interest owned by PacifiCorp is part of a split-

estate, whereby PacifiCorp owns and controls the surface rights, however the subsurface mineral estate is owned by a variety of third party entities. Because these subsurface rights for mineral exploration are considered dominant (over surface rights) in Wyoming, PacifiCorp cannot prohibit the mineral interest owners from developing and exploring. In this case the mineral rights holder, Wold Energy, the parent company of Pine Ridge Midstream, is exploring and developing its mineral estate (as governed by the 2014 agreement between Wold Energy and PacifiCorp). This agreement dictated how Wold Energy uses the surface encompassing the well pad and access road only, but does not address how the natural gas product will be transferred off-site. Commonly, a natural gas pipeline is the most economical and least surface-disturbing option.

The Agreement contains standard provisions related to Pine Ridge Midstream's use and maintenance of the property. The Agreement also contains specific provisions related to the protection and additional liability of working near the existing wind turbine generators. The term of the Agreement is 15 years. In accordance with the terms of the Agreement, Pine Ridge Midstream will make a one-time initial payment of \$24,750, and annual rent payments to PacifiCorp, starting at \$6,190 the first year, with a three percent (3%) increase each year, for a total of \$139,877 over the 15-year term, or as long as the pipeline is used and maintained. The Company Property is classified as Other Production Land and is system-allocated. The value of the Agreement to Oregon will be approximately \$36,442 over the 15-year term. As more fully explained below, this transaction will not affect PacifiCorp's ability to perform its public duties.

**II. COMPLIANCE WITH OAR 860-027-0025(1)
FILING REQUIREMENTS**

A. Name and Address

PacifiCorp's exact name and address of its principal business office are:

PacifiCorp
825 NE Multnomah Street
Portland, OR 97232

B. State in which incorporated; date of incorporation; other states in which authorized to transact utility business

PacifiCorp is a corporation organized and existing under and by the laws of the State of Oregon. PacifiCorp's date of incorporation is August 11, 1987. PacifiCorp is authorized to provide retail electric service in Oregon, California, Idaho, Utah, Washington, and Wyoming.

C. Communications and notices

All notices and communications with respect to this application should be addressed to:

Jeffery B. Erb
Chief Corporate Counsel and Corporate Secretary
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
Telephone: 503.813.5029
Email: jeff.erb@pacificorp.com

PacifiCorp Oregon Dockets
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
Email: OregonDockets@pacificorp.com

Additionally, PacifiCorp respectfully requests that all data requests regarding this matter be addressed to:

By e-mail (**preferred**)

datarequest@pacificorp.com

By regular mail

Data Request Response Center
PacifiCorp
825 NE Multnomah St., Suite 2000
Portland, OR 97232

Informal inquiries should also be directed to Natasha Siores, State Regulatory Affairs Manager, at (503) 813-6583.

D. Principal officers

NAME	TITLE
Gregory E. Abel	Chairman of the Board & Chief Executive Officer
Cindy A. Crane	President & Chief Executive Officer, Rocky Mountain Power
Stefan Bird	President & Chief Executive Officer, Pacific Power
Nikki L. Kobliha	Vice President, Chief Financial Officer & Treasurer

E. Description of business; designation of territories served

PacifiCorp engages in the generation, purchase, transmission, distribution, and sale of electric energy in Benton, Clackamas, Clatsop, Coos, Crook, Deschutes, Douglas, Gilliam, Hood River, Jackson, Jefferson, Josephine, Klamath, Lake, Lane, Lincoln, Linn, Marion, Morrow, Multnomah, Polk, Sherman, Tillamook, Umatilla, Wallowa, Wasco, and Washington Counties in Oregon. PacifiCorp also engages in the generation, purchase, transmission, distribution, and sale of electric energy in the states of California, Idaho, Utah, Washington, and Wyoming.

F. Statement showing for each class and series of capital stock: brief description; amount authorized; amount outstanding; amount held as required securities; amount pledged; amount owned by affiliated interests; amount held in any fund

Not applicable. This transaction does not involve the sale of financial instruments or PacifiCorp capital stock.

G. Statement showing for each class and series of long-term debt and notes: brief description of amount authorized; amount outstanding; amount held as required securities; amount pledged; amount held by affiliated interests; amount in sinking and other funds

Not applicable. This transaction does not involve the sale of long-term debt or notes.

H. Purpose of application; description of consideration and method of arriving at amount thereof

The purpose of this application is to satisfy ORS 757.480 and OAR 860-027-0025. PacifiCorp is not selling any real property in this transaction. Rather, in order to help assure compliance, PacifiCorp is interpreting the license and right-of-way grant in this transaction as constituting a “disposition” under the applicable statutes. Under the Agreement, Pine Ridge Midstream wishes to construct and maintain a natural gas pipeline on PacifiCorp lands in Converse County, Wyoming. The terms of the Agreement protect PacifiCorp’s right to access and use the Company Property in its provision of reliable electric service to its customers. The company determined the value of the Agreement by reviewing the market value of the property in conjunction with similar agreements recently executed in the area. Oil and gas activity in this area has driven compensation rates for these types of agreements beyond market value of the property, and PacifiCorp has been able to capitalize on higher than average compensations. For example, market value for adjacent land is estimated to be \$50–75 per acre (using information from the Converse County Assessor’s office). Additionally, recent appraisals from larger tracts of land designated for wind development in this area of Wyoming set a value of \$375–484 per acre. According to a local landowner group, the Southeast Wyoming Resources Conservation & Development Council, rates for pipeline agreements can expect a one-time payment of \$20 per rod (16.5 feet equal one rod), with annual payments of \$3 per rod. The anticipated compensation received by PacifiCorp for this agreement is estimated to be \$139,877 over the life of the 15-year agreement, which includes a one-time payment of \$24,750 (\$30 per rod of usage) with annual payments of \$7.50 per rod, with an annual escalation of 3 percent. PacifiCorp files this application to obtain Commission approval of the Agreement.

I. Statement of facilities to be disposed of; description of present use and proposed use; inclusion of all operating facilities of parties to the transaction

The Company Property is situated in an agricultural portion of Converse County, Wyoming, and is associated with PacifiCorp’s Glenrock/Rolling Hills Wind project. This area of Wyoming has seen an abundance of energy production, and is home to several wind generation projects, natural gas and oil wells, and coal mines. PacifiCorp’s own Glenrock wind project was constructed on top of a former coal mine. Wold Energy will soon construct an oil/gas well on PacifiCorp property as is its rights under Wyoming Law and a 2014 negotiated agreement between parties. The rights granted under this agreement allow for one underground natural gas pipeline, buried at a depth sufficient to protect PacifiCorp’s wind facilities. Issuing this agreement will not interfere with PacifiCorp’s ability to provide reliable service to its customers after the effective date of the transaction.

J. Statement by primary account of cost of the facilities and applicable depreciation reserve

The pipeline will cross portions of three PacifiCorp parcels. The applicable book value of the Company Property is \$601,516.14.

K. Required filings with other state or federal regulatory bodies

Not applicable. This transaction does not require any other regulatory filings.

L. Facts relied upon by applicant to show transaction is in the public interest

ORS 757.480 requires Commission pre-approval for sales of property necessary and useful in the performance of a utility’s duties to the public with a value in excess of \$100,000. OAR 860-027-0025(1)(l) requires PacifiCorp to show that such a proposed sale is “consistent with the public interest.” The Commission has previously held that this standard

requires a “no harm” showing.¹ Under the Agreement, Pine Ridge Midstream can construct and maintain a single natural gas pipeline to transport natural gas from a well to an existing collector line, while providing additional revenue to PacifiCorp. The terms of the Agreement protect PacifiCorp’s assets and right to access and use the Company Property in its provision of reliable electric service to its customers. Issuing this agreement will not harm customers.

M. Reasons relied upon for entering into the proposed transaction; benefits to customers

Please refer to sections H. and L. above, as well as the Background section.

N. Amount of stock, bonds, or other securities, now owned, held or controlled by applicant, of the utility from which stock or bonds are proposed to be acquired

Not applicable. This transaction does not involve the sale of stock or other financial instruments.

O. Statement of franchises held; date of expiration; facilities of transferees

Not applicable. The transaction will not affect PacifiCorp’s Oregon service territory in any way.

**III. COMPLIANCE WITH OAR 860-027-0025(2)
FILING REQUIREMENTS**

A. Exhibit A—Articles of Incorporation

Not applicable. Review of the Articles of Incorporation would not advance the Commission’s analysis of this Application because the subject transaction involves the

¹ See, e.g., *In the Matter of a Legal Standard for Approval of Mergers*, Docket No. UM 1011, Order No. 01-778 (Sept. 4, 2001) (“The remainder of the statutory scheme, those statutes governing transfer, sale, affiliated interest transactions, and contracts, either expresses no standard (for instance, ORS 757.480, .485) and has been read to require a no harm standard, or contains a ‘not contrary to the public interest’ standard (ORS 757.490, .495.)”) (emphasis added); *In the Matter of the Application of PacifiCorp*, Docket No. UP 168, Order No. 00-112, at 6 (Feb. 29, 2000) (regarding the sale of the Centralia generating plant); *In the Matter of Portland General Electric*, Docket No. UP 158, Order No. 00-111, at 2 (Feb. 29, 2000) (regarding the sale of the Colstrip generating units); *In the Matter of the Application of Portland General Electric*, Docket Nos. UP 165/UP 170, Order No. 99-730, at 7(Nov. 29, 1999) (regarding the sale of the Centralia generating plant).

conveyance of utility property and does not affect PacifiCorp's corporate structure or governance.

B. Exhibit B—Bylaws

Not applicable. Review of PacifiCorp's bylaws would not advance the Commission's analysis of this application because the subject transaction involves the conveyance of utility property and does not affect the company's corporate structure or governance.

C. Exhibit C—Resolution of directors authorizing transaction

Not applicable. This transaction did not require approval from PacifiCorp's board of directors.

D. Exhibit D—Mortgages, trust, deeds or indentures securing obligation of each party

Not applicable.

E. Exhibit E—Balance sheet showing booked amounts, adjustments to record the proposed transaction and pro forma, with supporting fixed capital or plant schedules in conformity with the forms in the annual report

Not applicable. The transaction will not materially affect the company's balance sheet.

F. Exhibit F—Known contingent liabilities

There are no known contingent liabilities associated with this transaction.

G. Exhibit G—Comparative income statements showing recorded results of operations, adjustments to record the proposed transaction and pro forma, in conformity with the form in the annual report

Not applicable. The transaction will not materially affect the company's income statement.

H. Exhibit H—Analysis of surplus for the period covered by income statements referred to in G

Not applicable. The transaction will not materially affect the company's income statement.

I. Exhibit I—Copy of contract for transaction and other written instruments

A copy of the Agreement is included with this application as Attachment A.

J. Exhibit J. Copy of each proposed journal entry to be used to record the transaction

At the time of invoicing for the rent due, PacifiCorp will debit the Lessee's Accounts Receivable account (FERC Account 1720000 Rents Receivable Current Asset) for the appropriate rental amount and credit to Rent Revenue General (FERC Account 4541000 Rents-Common Other Revenue) the same amount. After the company receives payment from the Lessee, Lessee's Accounts Receivable account will be credited the payment amount and a debit will be made to Main Depository-Deposit Clearing Account (FERC Account 1310000 Cash Current Asset) in the same amount.


K. Exhibit K. Copy of each supporting schedule showing the benefits, if any, which each applicant relies upon to support the facts required by (1)(l) of this rule and reasons as required by (1)(m)

This application and attachments contain the necessary information to demonstrate the benefits of this transaction and for the Commission to base its decision. However, the company is prepared to provide additional information as requested by the Commission.

IV. PRAYER FOR RELIEF

PacifiCorp respectfully requests a Commission order (1) finding that the Agreement, as described herein, will not harm PacifiCorp's customers and is consistent with the public interest; and (2) granting other such relief as the Commission deems necessary and proper.

Respectfully submitted this 3rd day of January 2018,

By: 
Jeffery B. Erb
Chief Corporate Counsel and Corporate Secretary
PacifiCorp

ATTACHMENT A
Agreement

**NON-EXCLUSIVE PIPELINE LICENSE AGREEMENT AND RIGHT-OF-WAY
AGREEMENT**

PacifiCorp, an Oregon Corporation, whose address is 1407 West North Temple, Salt Lake City, Utah 84116, (“Grantor”) for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby grants to **Pine Ridge Midstream, LLC**, a Delaware Limited Liability Company, whose address is 1775 Sherman Street, Suite 1700, Denver, CO 80233 (“Grantee”) a non-exclusive pipeline license and right of way (“License”) over and across certain parcels of real property owned by Grantor (“Grantor’s Land”) located in Converse County, Wyoming, for the sole purpose of locating, surveying, establishing constructing, laying, installing, operating, maintaining, repairing, inspecting testing, patrolling, protecting, cathodically protecting, replacing, substituting, changing, altering, converting, relocating within the Primary Area, change the size of and, upon the termination of this License either abandon in place or remove, in each case in whole or in part, a single pipeline and related facilities (the “Pipeline”) for the transportation of natural gas products and providing access to adjacent lands (collectively the “Permitted Area”) subject to the terms and conditions set forth below, over, across, under, and through Grantor’s Land, said License lying within a strip twenty-five (25) feet wide, as constructed, to evidence such agreed route, Grantor’s Land situated in Converse County, State of Wyoming, the centerline of which is more particularly described and shown in Exhibit “A,” attached hereto and made a part hereof.

1. Grantee’s Use.

a. Grantee, its successors and assigns, and its and their respective employees, officers, representatives, agents and contractors shall have a non-exclusive right to use the Primary Area, the Temporary Area and the Workspace for the Permitted Purposes. During construction periods, not to exceed twelve (12) months from the date of this License, Grantee and its agents may use fifty (50) additional feet of Grantor’s property along and adjacent to said Primary Area in connection with the construction of said Pipeline and facilities (the “Temporary Area”). During construction periods only, Grantee shall have the right to use an additional workspace (the “Workspace”), and together with the Primary Area and the Temporary Area, the “(Subject Area)” of one hundred and fifty feet by one hundred fifty feet (150’ x 150’) along the Primary area and Temporary Area areas at the crossing of roads, railroads, streams and terraces. The Workspace shall be located in designated areas pre-approved by Grantor. Grantor shall have the right to require the relocation of the Workspace to avoid conflict with its operations and activities. Grantee shall have the right to cut all trees and undergrowth and remove other obstructions that may injure, endanger or interfere with Grantee’s Permitted Purposes of the Subject Area, provided that Grantee contacts and coordinates with Grantor prior to removal of any obstructions, and maintains all clearances specified in subparagraph c., d., and e., below.

b. Grantee will not store materials or refuel vehicles or equipment on Grantor's Land without prior approval from Grantor. During construction periods, Grantee may store materials on the subject area. The use of hazardous materials is prohibited on Grantor's Land.

c. Grantee acknowledges that Grantor's existing or future power lines, wind turbines and associated gathering lines are or may be located within the Subject Area boundaries and agrees to conduct its activities in strict compliance with all applicable laws, codes, rules, regulations, and standards regarding such power lines. Grantee's use of Grantor's Land shall comply in all respects with National Electric Safety Code, and OSHA clearance standards. Grantee shall not make or allow any use of Grantor's Land that is inconsistent with or that may interfere with Grantor's operation, maintenance, repair, or upgrade of its existing facilities and installations or any additional facilities or installations that may be constructed hereafter provided that, notwithstanding, the foregoing, Grantee's permitted purposes shall at all times be permitted. Grantee will not take any actions that will cause Grantor to be out of compliance with (a) any of its federal, state, or local governmental permits and authorizations; (b) any federal, state, or local laws or regulations; (c) any local ordinances or administrative rules; (d) any guidance or directive published by federal, state, or local regulators; and (e) written notice from governing bodies concerning any special requirements or environmental directives from federal, state, or local laws, regulations or guidelines.

d. At no time shall Grantee place, use or permit to be used on said Subject Area construction cranes or other equipment having a boom or similar attachment which may come in contact with Grantor's overhead electric lines. At no time shall Grantee place any equipment or material of any kind that exceeds fifteen (15) feet in height, or that creates a material risk of endangering Grantor's facilities, or that may pose a risk to human safety. Grantee shall maintain a minimum distance of twenty (20) feet between equipment and transmission line conductors (wires).

e. Grantee will not excavate within three hundred (300) feet of Grantor's existing wind turbine structures, and fifty (50) feet of Grantor's existing transmission structures. Grantee shall maintain a minimum distance of fifty (50) feet between the Pipeline and Grantor's structure(s) and transmission line conductors (wires). Grantee shall maintain a minimum distance of thirty-five (35) feet from finished grade to conductors. Grantee shall maintain a minimum distance of fifty (50) feet between approved facilities and the point where the transmission line (steel/wood pole/guy anchor/steel pole) enters the earth. Grantee shall maintain a minimum distance of six (6) feet below the depth of Grantor's power collection lines. Grantee shall maintain a minimum distance of 100 meters from Grantor's wind turbines.

f. Grantee shall, at its own expense, promptly repair any damage to the Subject Area or adjacent lands to Grantor's reasonable satisfaction caused by, or in any way arising out of, Grantee's use of the subject area, including replacing topsoil to the original surface contour or elevation. This commitment shall be for a period of ten (10) years after the damage or until native vegetation is established through natural processes, whichever comes first. If Grantee fails to do so within a reasonable amount of time, Grantor may, after providing written notice to Grantee and the passage of a reasonable period of time (but not less than thirty (30) days after delivery of such notice) without any action or response by Grantee, perform the restoration work at Grantee's expense.

g. The use of the Subject Area is limited to the Permitted Purposes along the route described herein. Grantee may not install laterals, taps, or subfeeds from the Pipeline without a separate grant of License from Grantor.

h. Grantee shall be solely responsible for the cost of any cathodic or other protection of the Pipeline necessitated by its proximity to Grantor's existing or future electric power lines and other facilities.

i. Grantor's maintenance and future construction of additional power lines, wind turbines, and other facilities require the use and operation of equipment weighing in excess of one hundred thousand (100,000) pounds per axel (including wire pullers and similar equipment weighing in excess of one hundred thousand (100,000) pounds) above and over the Pipeline. Grantee acknowledges Grantor's use of the property includes the mobile use of fully extended and loaded 500 ton cranes, and Grantee shall bury the Pipeline to a depth that is sufficient to protect the Pipeline from Grantor's use of equipment with weights identified above. Grantee shall be solely responsible for any damage to Grantee's facilities caused any failure to meet this standard.

j. Except as set forth in Section 1(a) with regard to trees, undergrowth and obstructions, Grantee shall fully restore and level the surface of Grantor's Land, as nearly as can reasonably be done, from any damage caused by construction, inspection, maintenance, repairs or removal of the Pipeline. If Grantee fails to do so within a reasonable amount of time, Grantor may after providing written notice to Grantee and the passage of a reasonable period of time (but not less than thirty (30) days after delivery of such notice) perform the restoration work at Grantee's expense.

k. Grantee will not, under any circumstances, interfere with the wind flow to any constructed wind turbines. There must be free, unobstructed and natural wind flow, wind speed and wind direction over and across Grantor's Land.

2. Avian Acknowledgement. Grantee acknowledges special measures must be taken while performing work on Grantor's land to ensure the safety of raptors and other migratory birds. Grantee shall not take any actions that will attract migratory birds to Grantor's Land.

3. Right of Access. Grantee shall have the right of reasonable ingress and egress to and from said Subject Area over and across Grantor's Land at such locations as Grantor shall, from time to time designate, provided that such access does not unreasonably interfere with Grantor's utility operations. Grantee shall coordinate access with Grantor's on-site representative. Grantor may require employees and contractors of Grantee to attend safety orientations. Grantee's access and use of existing and future roads are subject to all Grantor's safety and security restrictions.

4. Term. Except as otherwise provided in Section 11, the term of this License shall continue in full force and effect for fifteen (15) years from the effective date, and shall be renewed upon receipt of written notice received within 90 days of the end of the term on an annual basis for so long thereafter as the rights and privileges above granted are used or useful

by Licensee for the Permitted Purposes at the end of any year. Notwithstanding the foregoing, in the event Grantee does not construct or use the Pipeline to transport commercial quantities of petroleum based material at some point within fifteen years (15) years, commencing on the effective date, this License may be terminated by Licensor in its sole discretion.

5. Consideration. Prior to commencement of the Permitted Purposes, Grantee shall pay to Grantor a one-time payment of Thirty Dollars (\$30.00) per linear rod (16.5 feet equal one rod) which equals Twenty Four Thousand Seven Hundred and Fifty Dollars (\$24,750.00). Grantee shall also pay to Grantor an annual payment of Seven Dollars and 50¢ (\$7.50) per linear rod which equals Six Thousand One Hundred and Ninety Dollars (\$6,190.00). On October 1st of each year this agreement remains in full force and effect, the annual payment thereafter shall be increased by an amount equal to three percent (3%). The first payment shall be due and payable upon the execution of this License. Each annual payment shall be due and payable in advance on the 1st day of October for each year of the License remains in force and effect and shall be sent to the following address:

PacifiCorp
Central Cashier
P.O. Box 5504
Portland, OR 97228-5504

5.1 Late Payments. In the event Grantee fails to make its annual payment within thirty (30) days after Grantor's written notice of nonpayment, Grantee shall pay, in addition to the rent payment owed, a fee equal to the lesser of fifteen percent (15%) or the maximum amount permitted by applicable law, which shall be imposed on the annual payment owed. If Grantee fails to make its payment within forty-five days (45) days after Grantee's receipt of written notice of nonpayment, Grantee shall pay, in addition to the rent payment late fee owed an amount equal to or lesser of twenty percent (20%) interest or the maximum amount permitted by applicable law, on the amount of the annual rent payment owed.

6. Grantor's Use. Grantor expressly reserves the right to use the License for any purpose that is not inconsistent with the purposes for which this Subject Area is granted, including the right to cross and re-cross the Subject Area with equipment, personnel, overhead or underground power lines, and access roads at any location or locations, and to grant or convey additional uses of the Subject Area to others for any purpose not inconsistent with the rights granted hereunder. Grantee will provide adequate protection for the Pipeline for such uses. Grantor represents and warrants to Grantee that Grantor is lawfully seized in fee simple title to the Grantor's land and has a good and lawful right convey the rights as herein conveyed.

7. Use of Grantor's Remaining Property. Subject to Section (k)(2) this License shall impose no restrictions upon Grantor's use of Grantor's Land outside the Subject Area ("**Grantor's Remaining Property.**") Any uses of Grantor's Remaining Property, including but not limited to uses for electricity generation, transmission or other utility purposes, shall not be deemed to interfere with Grantee's uses under this License. Any use by Grantee of Grantor's Remaining Property shall be strictly limited to access as provided in this License. This License confers no secondary rights upon Grantee with respect to Grantor's Remaining Property.

8. Relocation. In the event the Pipeline interferes with Grantor's use of the Subject Area or Grantor's Land, Grantee shall relocate the pipeline to a location mutually agreeable to Grantor and Grantee, all at Grantee's sole cost and expense. Such relocation shall be completed within a reasonable time after notice by Grantor.

9. Indemnification. Grantee shall indemnify and hold harmless Grantor, its officers, directors, employees, subsidiaries and affiliates (collectively "Indemnitees") from and against any losses, claims, liens, demands and causes of action of every kind, including the amount of any judgment, penalty, interest, court cost or legal fee incurred by the Indemnitees or any of them in the defense of same (collectively, "**Losses**"), arising in favor of any party, including governmental agencies or bodies, on account of taxes, claims, liens, debts, personal injuries, death or damages to property, violations of Environmental Laws and Regulations, and all other claims or demands of every character arising directly or indirectly out of Grantee's use of or activities on or around Grantor's Land, except to the extent such Losses, are directly or indirectly caused in whole or in part, by the actions or inactions of the Indemnitees. For purposes of this agreement, "**Environmental Laws and Regulations**" shall mean all present and future federal, state and local laws and all rules and regulations promulgated thereunder, relating to pollution or protection of the environment.

10. Damages. In addition to the general indemnification provisions above, Grantee agrees that if Grantee or its activities under this License cause any damage to Grantor's utility equipment or facilities, whether above or below ground, Grantee will reimburse Grantor for all reasonable costs incurred by Grantor to repair or replace such damaged equipment or facilities. As used in this License, any reference to Grantor's equipment or facilities shall include any equipment or facilities owned by third parties that are lawfully located on the Grantor's Land, whether by license, lease, or otherwise.

11 Insurance: Without limiting any liabilities or any other obligations of Grantee, Grantee shall prior to commencing work, continuously carry with insurers having an A.M. Best Insurance Reports rating of A-:VII or better such insurance as will protect Grantee from liability and claims for injuries and damages which may arise out of or result from Grantee's operations under the License and for which Grantee may be legally liable, whether such operations are by Consultant or a Subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable. Grantee shall insure the risks associated with the work and this License with minimum coverages and limits as set forth below: Grantee shall have the right to elect to self-insure any part or all of the required insurances in Sections 11.1 through 11.6.

11.1 Workers' Compensation: Grantee shall comply with all applicable workers' compensation laws and shall furnish proof thereof satisfactory to Grantor prior to commencing work. If work is to be performed in Washington or Wyoming, Grantee will participate in the appropriate state fund(s) to cover all eligible employees and provide a stop gap (employer's liability) endorsement. Coverage should also provide applicable federal regulations (including, without limitation, FELA, USL&H and the Jones Act).

11.2 Employers' Liability: Grantee shall maintain employers' liability insurance with limits not less than \$1,000,000 each accident, \$1,000,000 disease each employee, and \$1,000,000 disease policy limit.

11.3 Commercial General Liability: Grantee shall maintain commercial general liability insurance on the most recently approved ISO policy form, or its equivalent, written on an occurrence basis, with limits not less than \$1,000,000 per occurrence/\$2,000,000 general aggregate (on a per location and/or per job basis) and shall include the following coverages:

- i. Premises and operations coverage
- ii. Independent contractor's coverage
- iii. Contractual liability
- iv. Broad from property damage liability
- v. Coverage for explosion, collapse, and underground property damage
- vi. Sudden and accidental pollution liability, as applicable

11.4 Automobile Liability: Grantee shall maintain business automobile liability insurance on the most recently approved ISO policy form, or its equivalent, with a minimum single limit of \$1,000,000 each accident for bodily injury and property damage including sudden and accidental pollution liability, with respect to Grantee's vehicles whether owned, hired or non-owned, assigned to or used in the performance of the Work. If applicable, the automobile liability policy will include pollution liability coverage equivalent to that provided under the ISO Pollution Liability Broadened Coverage for Covered Autos endorsement (CA9948) and Motor Carrier Act endorsement (MCS90) shall be attached.

11.5 Pollution Liability. Grantee shall maintain pollution liability coverage to apply to sudden and non-sudden pollution conditions including the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollution into or above land, the atmosphere or any watercourse or body of water. Coverage shall be written on an occurrence basis with limits of not less than \$2,000,000 per loss combined single limits for bodily injury and property damage and shall include the following coverages:

- a. coverage for bodily injury, sickness, disease, mental anguish or shock sustained by any person, including death
- b. coverage for property damage including physical injury to or destruction of tangible property including the resulting loss of use thereof, cleanup costs, and the loss of tangible property that has not been physically insured or destroyed
- c. coverage for defense costs including costs, charges and expenses incurred in the investigation adjustment or defense of claims for such compensatory damages

11.6 Umbrella Liability: Grantee shall maintain umbrella or excess liability insurance with a minimum limit of \$10,000,000 each occurrence/aggregate where applicable on a following form basis to be excess of the insurance coverage and limits required in employers' liability insurance, commercial general liability insurance and business automobile liability insurance above. Grantee shall provide Notice to Grantor, if at any time the full umbrella limit required under this License is not available, and will purchase additional limits, if requested by Grantor.

Grantor does not represent that the insurance coverages specified herein (whether in scope of coverage or amounts of coverage) are adequate to protect the obligations of Grantee, and Grantee shall be solely responsible for any deficiencies thereof.

Except for workers' compensation and professional liability insurance, the policies required herein shall include provisions or endorsements naming Grantor, its parent, divisions, affiliates, subsidiary companies, co-lessees, co-venturers, officers, directors, agents, employees, servants and insurers as additional insureds or loss payees, as applicable to specific insurance coverage. The commercial general liability additional insured endorsement shall be ISO Form CG 20 10 or its equivalent.

To the extent of Grantee's negligent acts or omissions, all policies required by this License shall include: (i) provisions that such insurance is primary insurance with respect to the interests of Grantor and that any other insurance maintained by Grantor (including self-insurance) is excess and not contributory insurance with the insurance required hereunder; and (ii) provisions that the policy contain a cross liability or severability of interest clause or endorsement in the commercial general liability and automobile liability coverage. Unless prohibited by applicable law, all required insurance policies (except professional liability) shall contain provisions that the insurer will have no right of recovery or subrogation against Grantor, its parent, divisions, affiliates, subsidiary companies, co-lessees or co-venturers, agents, directors, officers, employees, servants, and insurers, it being the intention of the Parties that the insurance as effected shall protect all of the above-referenced entities evidenced by waiver of subrogation wording.

A certificate of insurance shall be furnished to Grantor confirming the issuance of such insurance prior to commencement of work by Grantee. Should a loss arise during the term of the License that may give rise to a claim against Grantee and/or Grantor as an additional insured, Grantee shall deliver to Grantor (or cause to be delivered to Grantor) certified copies of such insurance policies. Grantee shall not cancel or reduce limits of liability without (i) ten (10) calendar days prior written Notice to Grantor if canceled for nonpayment of premium; or (ii) thirty (30) calendar days prior written Notice to Grantor if canceled for any other reason. Lack of notification shall be considered a material breach of this License.

Grantee shall require Subcontractors who perform work at the Grantor's Land to carry liability insurance (auto, commercial general liability and excess) and workers' compensation/employer's liability insurance commensurate with their respective scopes of work. Grantee shall remain responsible for any claims, lawsuits, losses and expenses included

defense costs that exceed any of its Subcontractors' insurance limits or for uninsured claims or losses.

12. Termination. This Agreement may be terminated upon the happening of any of the following events:

12.1 Breach. If Grantee materially breaches any of the covenants or provisions herein provided, including the failure to pay rent or any other monetary sums within the specified time periods set forth herein, Grantor, at its option, may terminate this License Notwithstanding anything herein to the contrary, this License shall not terminate for any alleged breach, including failure to pay rent or any other monetary sums, unless Grantor provided Grantee written notice (or if breach is not capable of cure within such thirty (30) days of receipt, fails to take responsible steps within such period to cure the breach).

12.2 Abandonment. If Grantee ceases to use the Subject Area for a period of two (2) consecutive years, this License shall terminate upon written notice to Grantee thirty (30) days after Grantees receipt of such notice. Upon termination Grantee shall have the Pipeline abandoned in accordance with applicable rules and laws and restore the surface of the land as near as reasonably possible to its condition prior to Grantee's entry thereon (except as set forth in Section 1(a) with regard to trees, undergrowth and obstructions); or with Grantor's written permission leave all or portion of its Pipeline in place and relinquish all right, title, and interest to the Pipeline to Grantor. In the event Grantee should leave its Pipeline in place, Grantee shall nevertheless continue to indemnify Grantor as provided in paragraph 8.

13. Taxes and Assessments. Unless Grantee is separately assessed for all or any part of the facilities to be constructed pursuant to this License, Grantor shall pay all county taxes and other ad valorem taxes assessed against the Grantor's Land (including the Subject Area). Grantee shall reimburse Grantor for any county taxes or ad valorem taxes that are separately assessed and attributable to Grantee's activities and improvements conducted pursuant this License, if any, except those being contested in good faith. Grantee shall keep the Subject Area free from any liens relating to county taxes and other ad valorem taxes that may attach thereto by reason of Grantee's use or occupancy thereof, except those being contested in good faith.

14. Litigation Expense. If any suit or action arising out of or related to this License is brought by any party, the prevailing party or parties shall be entitled to recover the costs and fees (including, without limitation, reasonable attorneys' fees, the fees and costs of experts and consultants, copying, courier and telecommunication costs, and deposition costs and all other costs of discovery) incurred by such party or parties in such suit or action, including, without limitation, any post-trial or appellate proceeding, or in the collection or enforcement of any judgment or award entered or made in such suit or action.

15. Waiver of Jury Trial. To the fullest extent permitted by law, each of the parties hereto waives any right it may have to a trial by jury in respect of litigation directly or indirectly arising out of, under or in connection with this agreement. Each party further waives any right to consolidate any action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived.

16. Assignment. It is understood and agree that this agreement and all rights, privileges, and obligations created herein shall run with the land and this License is binding upon the parties and their respective permitted successor and assigns. Grantee shall be permitted to assign its interest in this License, provided that, no assignment by Grantee shall be effective until written notice has been provided to Grantor and provided that the grantee of this assignment must agree to be bound by the entirety of this agreement and must satisfy all insurance requirements under this License.

17. No Consequential or Indirect Damages. In no event shall either party be liable to the other for consequential, incidental, special, punitive, indirect damages, lost profits, or other business interruption damages of the other party in connect with performance or nonperformance of the parties under this agreement.

18. Regulatory Approval. The parties acknowledge and agree that Grantor may need to obtain approval from one or more state public utility commissions with regard to this License. Grantor may immediately terminate this License if authorization to grant License is denied or conditioned by any state utility commission with review and approval authority over the License or the Grantor's Land or in the event Grantor cannot obtain any regulatory approval of this License on terms that are satisfactory to Grantor.

19. Notice. Except when actual receipt is expressly required by the terms hereof, notice is considered given either: (i) when delivered in person to the recipient named below, (ii) after deposit in the United States mail in a sealed envelope or container, either registered or certified mail, return receipt requested, postage prepaid, addressed by name and address to the party or person intended, or (iii) after being transmitted by facsimile to the person and party intended and to the facsimile number indicated below, with machine confirmation of satisfactory transmittal. All notices shall be given to the following:

Grantor: PacifiCorp
Property Management Department
1407 West North Temple, Suite 110
Salt Lake City, Utah 84116
Fax: (801) 220-2460

Grantee: Pine Ridge Midstream, LLC
Attn: Land Manager
1775 Sherman Street. Suite 1700
Denver, CO 80203
Fax: _____
E-mail: _____

20. Applicable Law. This License shall be governed by and enforced in accordance with the laws of the State of Wyoming without giving effect to that state's principles governing conflicts of laws.

21 Liens. In the event any such lien or claim is filed against the Grantor's Land as a result of any action or inaction by Grantee, Grantee shall immediately remove the lien through satisfaction of the claim, assertion of valid defenses or initiation and prosecution of an action requiring removal of the lien.

22. Recordation. This License may not be recorded. The parties shall execute a Memorandum of this agreement in the form attached as Exhibit "B", which Memorandum shall be recorded in the real property records of Converse County, Wyoming.

23. Counterparts. This License may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

24. Authority of Signatories. Each of the persons executing this License warrants his or her authority to do so and to bind the part, on behalf of whom it is signed.

IN WITNESS WHEREOF, this License shall be dated and effective upon the date of the last signature below:

Grantor:
PacifiCorp, an Oregon corporation

Grantee:
Pine Ridge Midstream, LLC, a Delaware
Limited Liability Company

By: _____

By: _____

Its: _____

Its: Attorney-In-Fact of Manager

Dated: _____

Dated: _____

Exhibit "A"
Description of License

A temporary 75' wide construction easement, reverting to a permanent 25' wide easement for a pipeline and associated access, maintenance, and upkeep after construction is substantially complete, in portions of the W½ of Section 27, Lots 1, 2, 5, 6, 7, 12, and 13 of Section 22, Lot 15 of Section 15, and Lot 13 of Section 14, all in Township 36 North, Range 75 West, of the 6th Principal Meridian, Converse County, Wyoming. Said easement beginning as 37.5 feet on each side and reverting to 12.5 feet on each side of the following described centerline:

Beginning at a point on the edge of disturbance of the Pacific Power 3675-27 well pad, said point being located S41°32'56"E, a distance of 1901.36 feet from the west ¼ corner of said Section 27;

Thence N11°02'04"E, a distance of 823.00 feet;

Thence N06°58'47"W, a distance of 1587.78 feet;

Thence N18°52'06"W, a distance of 1867.18 feet;

Thence N17°31'06"W, a distance of 1304.81 feet;

Thence N10°30'40"W, a distance of 773.08 feet;

Thence N08°32'23"E, a distance of 897.78 feet;

Thence N00°11'29"E, a distance of 411.33 feet;

Thence N68°18'57"E, a distance of 838.50 feet;

Thence N80°55'00"E, a distance of 687.58 feet;

Thence S88°36'52"E, a distance of 933.22 feet;

Thence N55°49'02"E, a distance of 888.30 feet;

Thence N22°36'33"E, a distance of 925.67 feet;

Thence N72°41'18"E, a distance of 1675.98 feet to the point of ending of said easement, said point being on the centerline of an existing pipeline, and lying N10°55'43"E, a distance of 375.94 feet from the southeast corner of said section 15.

The basis of bearing for said description being N00°05'48"W, a distance of 2640.41 feet from the west ¼ corner to the northwest corner of said Section 27.

