

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 11, 2006

In Reply Refer To:
Tesoro High Plains Pipeline Company
Docket No. IS06-248-000

Tesoro High Plains Pipeline Company
1225 17th Street, Suite 1800
Denver, CO 80202-5535

Attention: John Moore, Vice President

Reference: FERC Tariff No. 5 Canceling FERC Tariff No. 3

Ladies and Gentlemen:

1. On April 12, 2006, In Docket No. IS06-248-000, Tesoro High Plains Pipeline (Tesoro) filed FERC Tariff No. 5 to cancel FERC Tariff No. 3 to eliminate pipeline movements of crude petroleum from points in Montana and North Dakota to Fryburg Station, North Dakota. Pursuant to 18 C.F.R. § 341.14 and section 6(3) of the Interstate Commerce Act (ICA), Tesoro requests a waiver of the 30-day notice requirement to permit FERC Tariff No. 5 to become effective April 14, 2006, on one day's notice. In an April 27, 2006 filing, Eighty-Eight Oil LLC (Eighty-Eight) protested the proposed cancellation of the subject movements. The Commission grants waiver of the 30-day notice requirement and accepts FERC Tariff No. 5 to become effective April 14, 2006, as proposed, and as more fully discussed below.

2. Tesoro owns and operates a series of gathering pipeline systems and trunk lines that transport crude petroleum from Fairview Station/Putman Jct. and Sidney Station, both in Richland County, Montana; Richey Station in Dawson County, Montana; Poker Jim Station in McKenzie County, North Dakota and Whitetail Station in Billings County, North Dakota to Fryburg Station, Billings County, North Dakota. At issue is the Fryburg Lateral, a six-inch, 19.2 mile branch off of Tesoro's main pipeline, that runs south to Fryburg Station, North Dakota. Tesoro states that it has not operated the Fryburg Lateral for a considerable period of time. Tesoro also states that to reactivate the idle pipeline, it would have to perform an overall integrity evaluation of the system. Tesoro further explains the pipeline integrity evaluation, combined with any resulting integrity work,

will likely require several months to complete prior to placing the idled segment back into service. Tesoro also asserts that to restore the lateral would require a considerable investment of capital. Consequently, Tesoro canceled the rates and routes to Fryburg, with no further rate or routing available.

3. As mentioned above, Tesoro requests special permission to waive the 30-day notice requirement because the Fryburg Station destination is presently inoperative and incapable of receiving or discharging crude petroleum. Tesoro wishes to provide immediate notice to the public that it cannot deliver crude petroleum to Fryburg.

4. On April 27, 2006, Eighty-Eight Oil LLC (Eighty-Eight) filed a motion to intervene and protest to Tesoro's filing. Eighty-Eight states that one of the routes cancelled by Tesoro is the subject to a complaint filed by Eighty-Eight in Docket No. OR06-7-000.¹ Eighty-Eight contends that by canceling service to Fryburg Station prior to the resolution of the complaint proceeding, Tesoro attempts to avoid resolution of the issues raised in the complaint. Eighty-Eight asserts that the cancellation of these services terminates all viable options for the interstate transportation of crude produced in Central and Western Montana and eastern North Dakota. Eighty-Eight argues that Tesoro is violating its duty under section 1(4) of the Interstate Commerce Act (ICA) to furnish transportation upon reasonable request and to establish a reasonable through route with other common carriers to other markets. Eighty-Eight contends that canceling service to Fryburg Station would also subject shippers to an undue and unreasonable disadvantage, and provide Tesoro's affiliate with an undue and unreasonable advantage, in violation of section 3(1) of the ICA. Eighty-Eight requests the Commission reject Tesoro's filing. In the alternative, Eighty-Eight requests the Commission to either hold Tesoro's filing in abeyance pending the outcome of the complaint proceeding in Docket No. OR06-7-000 or consolidate the subject filing with the complaint proceeding.

5. Tesoro states that it has not operated the Fryburg Lateral for a considerable period of time and is incapable of receiving and discharging crude oil. FERC Tariff No. 5, which cancels routes on the Fryburg Lateral, constitutes a complete abandonment of service on that segment of Tesoro's system. It is well settled that the Commission does

¹ On April 10, 2006, in Docket No. OR06-7-000, Eighty-Eight filed a complaint challenging Tesoro's denial of service to Eighty-Eight, from Fairview Station/Putman Junction to Fryburg Station and related actions under Tesoro's FERC Tariff No. 3. Eighty-Eight requests the Commission order Tesoro to pay damages, reparations, interest and costs for its unlawful refusal to provide service and require Tesoro to provide shippers the services outlined in its tariff, at the rates offered in its tariff, as required by the ICA.

not have jurisdiction over oil pipeline abandonments, and, therefore, lacks the authority to reject or hold in abeyance Tesoro's filing, as requested by Eighty-Eight.² Accordingly, we accept FERC Tariff No. 5 to become effective April 14, 2006, as proposed.

6. The issues raised by Eighty-Eight in its complaint, including whether Tesoro unlawfully denied service on the Fryburg Lateral or engaged in other discriminatory conduct in violation of the ICA will be addressed in the ongoing complaint proceeding in Docket No. OR06-7-000.

By direction of the Commission.

Magalie R. Salas,
Secretary.

cc: All Parties

² *Arco Pipeline Company*, 55 FERC ¶ 61,420 (1991).