Enbridge Seeks Shipping Commitments For ND Pipeline

Associated Press

BISMARCK, N.D. (AP) — Enbridge Energy is inviting oil producers to bid on rights to use the largest-capacity pipeline proposed to date to transport North Dakota crude.

Calgary, Alberta-based Enbridge is proposing the $2.6 billion, 612-mile Sandpiper pipeline to carry 225,000 barrels of North Dakota oil daily to a hub in northern Minnesota and 375,000 barrels to one in northwestern Wisconsin.

The company on Tuesday announced a so-called open season, which is a period of courting gas producers to secure shipping agreements. The company says oil shippers have until Jan. 24 to commit to the project.

Enbridge announced Monday that Houston-based Marathon Petroleum Corp. agreed to pay 37.5 percent of the project's construction in exchange for 27 percent equity interest.

Enbridge filed applications for the project this month with North Dakota and Minnesota regulators.

The North Dakota Public Service Commission, a three-member panel that oversees utility projects, said the pipeline is the biggest project yet to move oil from the rich Bakken and Three Forks formations in the western part of the state.

North Dakota has more than doubled its oil production in the past two years, closing in on a million barrels of oil a day. But due to the lack of pipeline capacity in the state, about 61 percent of the state's daily oil production is being shipped by rail. A barrel is equivalent to 42 gallons.

Enbridge operates about 50,000 miles of pipelines in North America, and several hundred miles of pipelines in North Dakota, including one that runs between Minot, N.D., and Clearbrook, Minn. The line, built in 1962, has the capacity to ship 210,000 barrels of North Dakota crude daily, or about 8.8 million gallons.

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