

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NORTH DAKOTA

IN THE MATTER OF THE APPLICATION
OF TARGA BADLANDS LLC FOR A
CERTIFICATE OF CORRIDOR
COMPATIBILITY AND ROUTE PERMIT
FOR THE CONSTRUCTION OF AN
APPROXIMATELY 32-MILE-LONG 8-
INCH CRUDE OIL PIPELINE AND
ASSOCIATED FACILITIES IN
MOUNTRAIL COUNTY, NORTH DAKOTA

CASE NO. PU-14-



**Application of Targa Badlands LLC
for Waiver or Reduction of Procedures and Time Schedules**

In connection with its submission of a consolidated application for a Certificate of Corridor Compatibility and Route Permit (“Consolidated Application”) for an 8-inch crude oil pipeline project, approximately 32 miles in length, all of which will be located in Mountrail County, North Dakota (the “Project”), Targa Badlands LLC (“Targa”), submits to the North Dakota Public Service Commission (“Commission”) this application for a waiver or reduction of procedures and time schedules set forth in Chapter 49-22 of the North Dakota Century Code (“Siting Act”) and Article 69-06 of the North Dakota Administrative Code (“Siting Rules”). In accordance with Section 49-22-07.2 of the North Dakota Century Code and Chapter 69-06-06 of the North Dakota Administrative Code, Targa requests that the Commission waive the following requirements:

1. That the Commission hold a separate hearing on a waiver request, a Certificate of Corridor Compatibility (Corridor Certificate) application, and a Route Permit application, as may be required by Sections 49-22-07.2, 49-22-08, 49-22-08.1, and 49-22-13 of the North Dakota Century Code and Chapter 69-06-01-02 of the North Dakota Administrative Code. Targa requests that the Commission hold a

single consolidated hearing on this waiver request and its Consolidated Application. Targa also requests that the Commission shorten the three-month period specified in Section 49-22-08(5) of the North Dakota Century Code, and the six-month period specified in Section 49-22-08.1(5) of the North Dakota Century Code.

2. That the Commission waive the requirements of Sections 49-22-08 and 49-22-08.1 of the North Dakota Century Code insofar as these sections may require the separate filing of applications for a Corridor Certificate and a Route Permit, and insofar as they require separate publication of notices and filing separate applications.

Consistent with the Commission's Energy and Transmission Facility Siting Guidelines ("Commission's Guidelines"), Targa provides the following information in support of its waiver requests:

A. Description of Proposed Project.

1. **Type:** The Project required installation of an underground steel pipeline that will transport crude oil. Surface structures are located at the New Town Tank Facility near New Town, North Dakota, the Stanley Tank Facility near Stanley, North Dakota, and a valve station located within Township 154 North, Range 91 West, Section 33. The tank facility near New Town includes a pig receiver, sump tank, booster pump station, outlet meter station, 30,000-barrel-capacity tank, tank inlet and outlet manifolds, inlet meter station, mainline pump station, pig launcher, and a control building. The tank facility near Stanley includes a pig receiver, sump tank, control valve manifold, inlet meter station with leak-detection equipment, 25,000-barrel-capacity tank, strainer station, transfer pump station, control building, and an asset custody transfer station.

2. **Product:** The Project will transport crude oil.

3. **Size and Design:** The maximum operating pressure for the pipeline is 1,480 psi at a maximum operating temperature of 100°F. The maximum flow rate for the pipeline is an average of 48,960 barrels of crude oil per day. The pipe used meets ANSI 600 specifications. In most areas, the pipeline is comprised of 8.625- inch outside diameter pipe with a 0.219-inch wall thickness and a maximum allowable operation pressure of 1,480 pounds psi at a maximum operating temperature of 100°F. Pipe meeting the API 5L specification, with PSL-2 and X-52 ratings, and a 0.322-inch wall thickness was used where the pipeline encounters railway or roadway crossings, natural drainages, ponds, sloughs or other wetlands, and on each side of aboveground valve stations. The steel pipeline used for the Project will meet United States Department of Transportation regulations, specifically the designed criteria outlined in 49 CFR Part 195, Subpart C. The Project will be constructed, operated, and maintained in accordance with 49 CFR Part 195.

4. **Location:** The total length of the Project is approximately 32 miles, all of which is located in Mountrail County, North Dakota. The purpose of the facility is to deliver gathered crude petroleum from the Van Hook Peninsula on Fort Berthold Indian Reservation, near New Town, North Dakota, to the Enbridge terminal near Stanley. From the Enbridge terminal, pipelines deliver crude petroleum to: the EOG Resources, Inc. unit train crude by rail facility, just northeast of Stanley; and the Enbridge Station near Berthold, which can transport the crude petroleum via either rail or the existing Dakota Pipeline to the Petroleum Administration for Defense District (PADD) 2 hub near Clearbrook, Minnesota. Maps of the proposed project are provided in the Consolidated Application, submitted herewith.

5. **Geographic Service Area:** As noted above, the Project will take crude oil from the Van Hook Peninsula on Fort Berthold Indian Reservation, near New Town, North Dakota, to the Enbridge terminal near Stanley. The immediate area served by the Project will be western North Dakota; however, the crude oil will ultimately be distributed to refineries in the United States and Canada.

6. **Time Schedule:** Targa has a target in-service date for the Project of September. Targa proposes to develop the Project on the following schedule:

- The ROW acquisition negotiations with landowners were completed on July 30, 2013. A building permit for the construction of the New Town tank facility was approved on March 27, 2013, by the City of New Town. A building permit for the construction of the Stanley tank facility was approved on September 10, 2013, by the City of Stanley.
- Construction of the pipeline commenced June 1, 2013. Construction of the New Town and Stanley tank facilities began June 1, 2013, and August 15, 2013, respectively.
- Construction of the pipeline was completed on November 1, 2013. Construction of the New Town and Stanley tank facilities was completed April 11, 2014, and June 6, 2014, respectively.
- Testing and commission of the pipeline commenced October 4, 2013. Testing and commissioning of the New Town tank facility began on June 6, 2014. Testing and commissioning of the Stanley tank facility was concluded on June 30, 2014.
- Operation of the pipeline began November 11, 2013. Operation of the Stanley tank facility is anticipated to begin on July 15, 2014. Targa has not begun operations of the New Town tank and does not plan to operate the tank until Targa receives a Corridor Compatibility and Route Permit.

7. **Future Plans:** At this time, Targa has no specific plans for additions to or modifications of the Project.

B. Need for the Project.

The development of hydrocarbon production in the Williston Basin has increased significantly in recent years due to advancements in deep horizontal directional drilling

techniques and subsequent oil extraction in the Bakken and Three Forks shale formations. The total recoverable amount of Bakken and Three Forks oil reserves is subject to interpretation and speculation. Studies conducted by the North Dakota Department of Mineral Resources (NDDMR)¹ and the U.S. Geological Survey² in 2008 and 2010 indicate that 4.0 to 6.3 billion barrels of recoverable reserves are available in North Dakota's Bakken and Three Forks formations. Information from the NDDMR indicates that oil production has increased dramatically over the past five years from approximately 130,000 bpd in November 2007 to nearly 740,000 bpd in November 2012,³ and production is expected to continue to increase dramatically.⁴

The major constraint in transporting oil from North Dakota to refining centers is the lack of pipeline capacity. Several major projects have been planned to address the growing volumes of crude oil, but pipeline capacity is not expected to keep pace with production until early 2014 at the earliest, leaving incremental volumes to find alternative transportation methods, primarily rail.⁵

¹ Bohrer, M., Fried, S., Helms, L., Hicks, B., Juenker, B., McCusker, D., Anderson, F., LeFever, J., Murphy, E., and Nordeng, S. North Dakota Department of Mineral Resources. State of North Dakota Bakken Resources Study Project 23 (2008).

² United State Geological Survey. Assessment of Undiscovered Oil Resources in the Devonian-Mississippian Bakken Shale Formation, Williston Basin Province, Montana and North Dakota (2008). Web access in March, 2011 at: <http://geology.com/usgs/bakken-formation-oil.shtml>.

³ North Dakota Department of Mineral Resources. North Dakota Monthly Oil Production Statistics. Web access in January 2013 at: <https://www.dmr.nd.gov/oilgas/stats/historicaloilprodstats.pdf>.

⁴ North Dakota Department of Mineral Resources. 2012 Williston Basin Petroleum Convention, Williston Basin Outlook, ND. Web access in Sept. 2013 at: <http://www.ndoil.org/?id=279&page=2012+WBPC+Presentations>.

⁵ North Dakota Pipeline Authority. 2012 Williston Basin Petroleum Convention, Williston Basin Export Capacity. Web access in Sept. 2013 at: <http://www.ndoil.org/?id=279&page=2012+WBPC+Presentations>.

With the constraints to the existing transportation infrastructure in the Project area, construction of the Project will provide Targa with a safe and efficient mechanism to transfer crude oil. Additionally, transporting crude oil in western North Dakota currently involves significant movement of crude oil by tanker truck over public roadways, a public safety issue that the Project will prevent. The Project will provide the needed capacity to transport crude oil production safely and economically from the Bakken and Three Forks formations to facilities with access to major markets.

For additional analysis of the need for the Project, including a discussion of alternatives evaluated, please see Section 3 of Targa's Consolidated Application, which accompanies this waiver application.

C. Cost.

The total estimated cost of the New Town to Stanley Pipeline Project (Project) is \$40.89 million. This includes \$15.12 million for the New Town tank facility, \$10.03 million for the Stanley tank facility, and \$15.74 million for the pipeline.

D. Waiver Request.

Targa requests that the Commission grant the waivers requested herein because said waivers are needed to prevent potentially significant delays to the Project. As noted above, the Project is needed to provide a safe and economical means of transporting crude oil from the Van Hook Peninsula on Fort Berthold Indian Reservation, near New Town, North Dakota, to the Enbridge terminal near Stanley, from which crude oil may be distributed through the United States and Canada. Utilizing the Project will eliminate the need to transport the crude oil to rail facilities or other pipeline facilities via truck, which, in turn, will reduce truck traffic on North Dakota roads and highways. Without the waivers of time schedules and procedures requested, operation of the Project will be delayed and the Project will not be able to satisfy the immediate

need for a safer, more efficient means of transporting crude oil to facilities that have access to major markets.

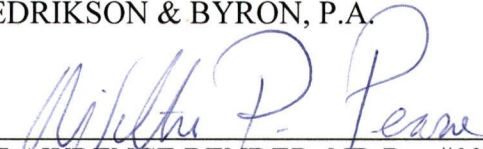
Section 49.22-07.2 of the North Dakota Century Code provides that the Commission may waive procedures and time schedules upon a finding that “the proposed facility is of such length, design, location, or purpose that it will produce minimal adverse effects.” Based upon the investigation and analysis set forth in Targa’s Consolidated Application, granting the waivers requested is appropriate because the proposed facility will produce minimal adverse effects due to its length (only approximately 32 miles), its design (an underground, small-diameter pipeline with few above-ground appurtenances), its location (crossing pasture and farmland in rural McKenzie County and avoiding Exclusion and Avoidance Areas), and its purpose (underground transportation of crude oil).

In determining whether the proposed facility will result in adverse impacts on the environment, Targa evaluated the Project using the criteria set forth in the Siting Act, the Siting Rules, and the Commission’s Guidelines. More specifically, Targa evaluated the impacts of the Project considering the siting criteria set forth in Section 69-06-08-02 of the North Dakota Administrative Code and the factors set forth in Section 49-22-09 of the North Dakota Century Code. Impacts associated with the Project, and mitigation measures that will be taken with respect to said impacts, are summarized in Sections 7 and 9 of the Consolidated Application. Based upon Targa’s siting criteria evaluation, and the factors set forth in the Guidelines, the Project will have minimal adverse effects.

Accordingly, Targa respectfully requests that the Commission grant the requested waivers and render an expeditious decision.

Dated this 13th day of July, 2014.

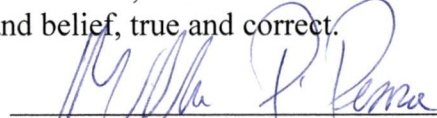
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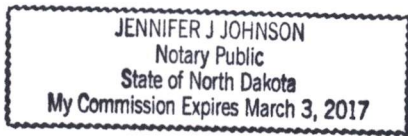
WILLIAM P. PEARCE, of lawful age, being first duly sworn, on oath deposes and says:

That he is one of the attorneys for Applicant in the foregoing application; that he executed the foregoing application for and on behalf of said Applicant and as its said attorney that she has read said application and knows the contents thereof, and that the statements made and contained therein are, to the best of his knowledge and belief, true and correct.



WILLIAM P. PEARCE

Subscribed and sworn to before me this 18th day of July, 2014.





Notary Public
My Commission Expires: *March 3, 2017*