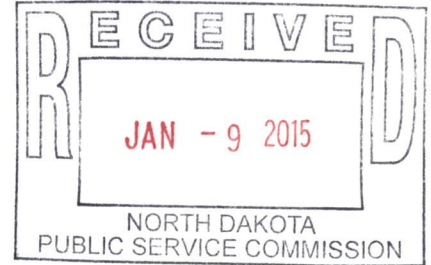


January 9, 2015

VIA HAND DELIVERY

Darrell Nitschke
Executive Secretary
North Dakota Public Service Commission
600 E. Boulevard, Dept. 408
Bismarck, ND 58505-0480



**RE: Targa Badlands LLC —
Case Number PU-14-625**

Dear Mr. Nitschke:

Enclosed for filing, please find an original and ten (10) copies of the Proposed Findings of Fact, Conclusions of Law and Order in the above-referenced matter. Also enclosed is a CD containing the above-referenced document in PDF format.

If you should have any questions, please advise.

Sincerely,


LAWRENCE BENDER

LB/dmk

cc: Tom Meriwether (*via e-mail*)
Zack Pelham (*via e-mail*)
Julie Prescott (*via e-mail*)

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PU-14-625 Filed: 1/9/2015 Pages: 8
Proposed Findings of Fact, Conclusions of Law and Order

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Targa Badlands LLC
8-Inch Crude Pipeline Project – Mountrail County
Siting Application

Case No. PU-14-625

[PROPOSED] FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

January _____, 2015

Appearances

Commissioners Brian P. Kalk, Randy Christmann, and Julie Fedorchak.

Lawrence Bender and Danielle M. Krause, Attorneys at Law, Fredrikson & Byron, P.A., 1133 College Drive, Suite 1000, Bismarck, North Dakota 58501, on behalf of Targa Badlands LLC.

Tom Meriwether, Senior Counsel for Targa Resources, 1000 Louisiana, Suite 4300, Houston, Texas 77002.

Zachary E. Pelham, Special Assistant Attorney General, Legal Counsel for Public Service Commission, 314 E. Thayer Avenue, Bismarck, North Dakota 58502.

Wade Mann, Administrative Law Judge, Office of Administrative Hearings, 2911 North 14th Street, Suite 303, Bismarck, North Dakota 58503.

Preliminary Statement

On July 18, 2014, Targa Badlands LLC (“Targa”), filed with the North Dakota Public Service Commission (“Commission”) a consolidated application for a Certificate of Corridor Compatibility and Route Permit (“Application”) for an approximately 32-mile, 8-inch crude oil pipeline with origin near New Town, North Dakota, and a terminus near Stanley, North Dakota, located in Mountrail County (the “Project”). The pipeline and associated facilities have already been constructed as a gathering line, but based on a change in the utilization of a tank located at New Town, the pipeline will be classified as a transmission facility and require siting by the Commission.

Targa also filed with its Application a request for the Commission to waive certain procedures and time schedules required under North Dakota Century Code Chapter 49-22, which requires separate filings and applications for a certificate of corridor compatibility and a route permit, separate notice of such applications, separate hearings on such applications, and certain time schedules.

On September 19, 2014, the Commission deemed Targa's Application complete and issued a Notice of Filings and Notice of Hearing scheduling a hearing for December 11, 2014, at 9:00 a.m. CST at Stanley City Hall, 208 South Main Street, Stanley, North Dakota 58784.

The Notice of Filings and Notice of Hearing identified the following issues to be considered with respect to the application for waiver of procedures and time schedules:

1. Are the proposed facilities of such length, design, location, or purpose that they will produce minimal adverse effects and that adherence to applicable procedures and time schedules may be waived?
2. Is it appropriate for the Commission to waive any procedures and time schedules as requested in the application?

The Notice of Filings and Notice of Hearing identified the following issues to be considered with respect to the Application:

1. Will the location and operation of the proposed facilities produce minimal adverse effects on the environment and upon the welfare of the citizens of North Dakota?
2. Are the proposed facilities compatible with the environmental preservation and the efficient use of resources?
3. Will the proposed facility locations minimize adverse human and environmental impact while ensuring continuing system reliability and integrity and ensuring that energy needs are met and fulfilled in an orderly and timely fashion?

On December 11, 2014, the hearing was held as scheduled.

Having allowed all interested persons an opportunity to be heard, and having heard, reviewed and considered all testimony and evidence presented, the Commission makes the following:

Findings of Fact

1. Under North Dakota Century Code Section 49-22-07, a utility may not begin construction of a transmission facility in the state without first having obtained a route permit. The facility must be constructed, operated, and maintained in conformity with the permit and any conditions, or modifications of the permit.
2. Targa is a Delaware limited liability company. Targa has been authorized to do business in the State of North Dakota since January 11, 2013, as evidenced by the corporate papers filed with the Commission on September 10, 2014, in Case No. PU-14-711.

Size, Type, and Preferred Location of Facility

3. The Project consists of approximately 32 miles of pipeline located in Mountrail County. The Project also consists of two tank facilities, specifically the New Town tank facility near New Town, North Dakota, and the Stanley tank facility near Stanley, North Dakota.
4. The Project utilizes 8-inch diameter steel pipeline capable of transporting a maximum of 48,960 barrels of oil per day. The pipeline has a maximum operating pressure of 1,480 pounds per square inch.
5. Construction of the 8-inch gathering pipeline commenced on June 1, 2013. The gathering pipeline was completed on November 1, 2013, with operation beginning on November 11, 2013.
6. 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.
7. Construction of the Stanley tank facility began August 15, 2013, and was completed on June 6, 2014. Operation of the Stanley tank facility began in July 2014.
8. 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.
9. Construction of the New Town tank facility began June 2, 2013, and was completed on April 11, 2014. The New Town tank is not currently operational.

Need for the Facility

10. Targa concluded there is a need for the Project because the recent and significant increase in oil extraction has outpaced efficient transportation methods. Current crude oil transportation from oil wells to distribution points is primarily accomplished by tanker truck, or limited pipeline transportation. Increased production of crude oil and limited pipeline access combine to increase tanker truck traffic on North Dakota highways. This increases road damage, the need to update or repair highways, emissions levels, and raises concern for driver safety. The construction of additional transmission pipelines would have a positive effect on efficient transportation of crude oil and would relieve some of the impacts resulting from trucking the crude oil. Conversion of the current gathering line and utilization of the tanks would provide a reliable transportation method for up to 48,960 barrels per day. Finally, the use of the storage tanks will reduce overall pressure in the pipeline, increasing safety of the Project.

Study of Preferred Location(s)

11. Targa conducted a Class I literature review of the proposed route prior to construction. A Class III intensive pedestrian survey was conducted of the 100-foot-wide construction corridor and both tank facility sites.

12. Field surveys were conducted to inventory any potential resource issues such as wetlands, water bodies, protected species, critical habitats, and/or cultural resources. Additionally, environmental data collected included information on soils, land use, wetlands and waterbody crossings, noxious weeds, trees, saplings, and shrubs, and protected species and habitats.

13. The following agencies were contacted by Targa regarding the Project and provided comments: North Dakota State Historical Preservation Office (“SHPO”); North Dakota State Water Commission; North Dakota Department of Agriculture; North Dakota Game and Fish Department; and North Dakota Department of Health. No agencies expressed concern with the Project.

14. The SHPO has concurred with the determination that no historic properties or significant sites will be affected by the Project so long as the Project remains of the nature and in the location described in the Class III Cultural Resource Inventory Report, and Targa follows any site avoidance measures set forth in the report.

Siting Criteria

15. The Commission has established criteria pursuant to North Dakota Century Code Section 49-22-05.1 to guide the Commission in evaluating the suitability of granting a Certificate of Corridor Compatibility and Route Permit. The criteria, as set forth in North Dakota Administrative Code Section 69-06-08-02 are classified as Exclusion Areas, Avoidance Areas, Selection Criteria, and Policy Criteria.

16. A transmission facility route must not be sited within an exclusion area. No exclusion areas will be impacted by the Project.

17. An avoidance area is a geographic area that may not be considered in the routing of a transmission facility unless the application shows that, under the circumstances, there is no reasonable alternative. In determining whether an avoidance area should be designated for a transmission facility, the Commission may consider, among other things, the proposed management of adverse impacts; the orderly siting of facilities; system reliability and integrity; the efficient use of resources; and alternative routes.

18. Pursuant to North Dakota Century Code Section 49-22-05.1, areas within five hundred feet of an inhabited rural residence must be designated avoidance areas. The five hundred foot avoidance area criteria for an inhabited rural residence may be waived by the owner of the inhabited rural residence in writing. In addition, North Dakota Administrative Code Section 69-06-08-02(2) designates areas within five hundred feet of a residence, school, or place of business as avoidance areas. The Project is within five hundred feet of fifteen rural residences and one business. Waivers have been obtained from the business and all residences.

19. The Project crossed the lower end of the Little Knife River, above the Stanley Reservoir, which is also an avoidance area. The location for the crossing was selected on the basis of avoiding cultural resources in the vicinity. However, the pipeline was bored via horizontal directional drilling to avoid impacts to the river and to areas at or below the ordinary high-water mark. Further, given the location of the pipeline and necessary access to the tank facility,

crossing the lower end of the Little Knife River was unavoidable. Given the construction methods used and the difficulty of entirely avoiding the area, the Commission finds no reasonable alternative existed, with no impacts occurring to the avoidance area.

20. Twelve cultural resources were identified within the field study corridor. Of these twelve cultural resources, two historic sites and an architectural site were recommended not eligible for the National Register of Historic Places. A railroad site was considered eligible, but the pipeline avoided the tracks by boring. The remaining eight stone feature sites were not disturbed by the pipeline.

21. A wetlands and waterbodies inventory was completed along the proposed route. Several wetlands or waterbodies are present along the route, but any indirect impacts from pipeline placement were temporary. The Project will have no significant impact on wetlands or waterbodies.

22. The Project may have resulted in temporary modification of habitat and temporary displacement of wildlife, due to clearing and construction. The Project will have no significant impact on fish and wildlife resources and no impacts are anticipated to endangered, threatened, or sensitive plant or animal species.

23. In accordance with the Commission's selection criteria, a transmission facility route shall be approved if it is demonstrated that any significant adverse effects that will result from the location, construction, and maintenance of the transmission facility will be at an acceptable minimum or managed and maintained at an acceptable minimum. Targa has analyzed the impacts of the Project in relation to all of the relevant selection criteria. The Project will have no significant adverse effects on the Commission's selection criteria.

24. In accordance with the Commission's policy criteria, preference may be given to an application demonstrating certain benefits of the transmission facility. Targa has analyzed the relevant policy criteria and has committed to: designing, constructing, and operating the pipeline in accordance with all applicable federal, state, and local laws and regulations; energy conservation through the facility's location, process, and design; training and utilizing available labor in the state; constructing the Project to take advantage of economies of scale; achieving capacity in the most minimally intrusive and most efficient way possible; and coordinating with state and local officials. Targa submitted evidence to demonstrate its commitment to maximize the benefits of the proposed transmission facility to the extent possible so as to meet the policy criteria.

Measures to Minimize Impact

25. Targa has agreed to a number of steps to mitigate the impact of the Project, as indicated by the executed Certification Relating to Order Provisions – Transmission Facility Siting, with accompanying Tree and Shrub Mitigation Specifications, which is incorporated by reference and attached to this Order.

26. The Project's permanent right-of-way ("ROW") is either 25 or 50 feet wide, depending on the location, while its temporary construction ROW was 100 feet wide. Targa used existing

public roads to access the construction ROW, and did not modify roads or create new permanent access roads as part of the Project.

27. The design, construction, and operation of the pipeline must be in accordance with the United State Department of Transportation regulations governing the transportation of crude oil, including U.S. Department of Transportation regulations as set forth in 49 C.F.R. Part 195.

28. Targa's existing emergency response plan includes the Project.

From the foregoing Findings of Fact, the Commission now makes the following:

Conclusions of Law

1. The Commission has jurisdiction over Targa and the subject matter of the Application under Chapter 49-22 of the North Dakota Century Code.

2. Targa is a utility as defined in Section 49-22-03(13) of the North Dakota Century Code.

3. The proposed pipeline is a transmission facility as defined in Section 49-22-03(12) of the North Dakota Century Code.

4. The location, construction, and operation of the Project will produce minimal adverse effects on the environment and upon the welfare of the citizens of North Dakota.

5. The location, construction, and operation of the Project are compatible with environmental preservation and the efficient use of resources.

6. The Project will minimize adverse human and environmental impact while ensuring continuing system reliability and integrity and ensuring that energy needs are met and fulfilled in an orderly and timely fashion.

7. The Project is of such design and location that it will produce minimal adverse effects, in accordance with Section 49-22-07.2 of the North Dakota Century Code.

8. It is appropriate for the Commission to waive the certain procedures and time schedules as requested in the Application and provided under Section 49-22-07.2 of the North Dakota Century Code.

From the foregoing Findings of Fact and Conclusions of Law, the Commission now issues the following:

Order

1. That Targa's application for a waiver of procedures and time schedules is granted.

2. Certificate of Corridor Compatibility No. ___ is issued to Targa Badlands LLC designating a corridor for the construction, operation, and maintenance of an approximately 32-

mile, 8-inch crude oil pipeline and associated tanks and facilities in Mountrail County, North Dakota. For purposes of the Certificate, the Corridor will consist of a 100-foot-wide corridor centered on the pipeline route as surveyed.

3. Route Permit No. ____ is issued to Targa Badlands LLC granting authority to construct and operate an approximately 32-mile, 8-inch crude oil pipeline and associated tanks and facilities in Mountrail County, North Dakota. The designated route is shown on the map included as Figure 1 in the Consolidated Application for a Certificate of Corridor Compatibility and Route Permit.

4. That the Certification Relating to Order Provisions – Transmission Facility Siting be incorporated by reference and attached to this Order.

5. To the extent there are any conflicts or inconsistencies between Targa’s Applications and the Certification, the Certification provisions control.

**State of North Dakota
Public Service Commission**

**Randy Christmann
Commissioner**

**Julie Fedorchak
Chairman**

**Brian Kalk
Commissioner**