

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 SITE COMPATIBILITY
FOR THE LITTLE MISSOURI GAS PLANT
AND ASSOCIATED FACILITIES IN
MCKENZIE 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 an application for a Certificate of Site Compatibility for the Little Missouri Gas Plant and expansions located in McKenzie County, North Dakota, 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 the following:

1. That the Commission waive the requirement to hold a separate hearing on a waiver request and a Certificate of Site Compatibility 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 application for a Certificate of Site Compatibility.

2. That the Commission shorten the six-month period specified in Section 49-22-08(5) of the North Dakota Century Code.

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 Facility.

1. **Type:** The Application for Certificate of Site Compatibility is for a gas processing facility which includes the Little Missouri Gas Plant ("LMGP I"), a first expansion ("LMGP II"), a second expansion ("LMGP III"), and a third expansion ("LMGP IV") (collectively referred to as the "Facility"). After all expansions are constructed and operational, the Facility will have a net gas processing capacity of 273 million standard cubic feet per day ("MM SCFD").

2. **Product:** The primary products to be produced at the Facility are residue gas and natural gas liquids ("NGLs").

3. **Size and Design:** After the addition of LMGP IV, the gross gas processing capacity of the Facility will be more than 303MM SCFD. The net capacity of the Facility will be 273MM SCFD of gas and 54,000 standard barrels per day of NGLs. Approximately 5.2MM SCFD of gas will be consumed on-site for utility purposes, including electrical power generation, powering gas compressors, and operation of necessary flares.

After completion of all expansions, the entire Facility will be comprised of four gas processing units - LMGP I, LMGP II, LMGP III, and LMGP IV. The design of the Facility will accommodate the rich gas production from the Bakken and Three Forks Formations in the area. The Facility will utilize the varying technologies described in the Application based upon the size of the gas processing unit.

4. **Location:** The Facility is located at 1939 125th Avenue NW, Watford City, North Dakota. LMGP I and LMGP II were constructed on the southeast quarter of the southeast quarter of Section 30 of Township 149N, Range 98W. LMGP III is being constructed on the southwest quarter of the southwest quarter of Section 29 of Township 149N, Range 98W.

The preferred location for LMGP IV is the southwest quarter of the southwest quarter of Section 29 of Township 149N, Range 98W. This property is immediately across 125th Avenue NW from the original plant site and is the same property where LMGP III is located.

5. **Geographic Service Area:** Wellhead gas will be gathered from portions of McKenzie and Dunn Counties, including portions of the Fort Berthold Indian Reservation west of Lake Sakakawea. Wellhead gas will be transported via a gathering pipeline system to the Facility. The immediate area served by the Facility will be western North Dakota; however, the residue gas will serve industrial and residential consumers in the Midwestern United States, and NGLs will ultimately be distributed to facilities in the mid-continent and Gulf Coast regions for additional processing and distribution to various markets.

6. **Time Schedule:** Targa anticipates commencement of operations of the Facility will begin by October 31, 2015. Targa proposes to develop the Project on the following schedule:

- The expansion of LMGP III and LMGP IV will occur entirely within land owned by Targa. No additional land acquisition is required.
- Construction of LMGP IV will begin upon receipt of necessary authorizations. Targa anticipates construction will commence on or before April 1, 2015.
- Construction is anticipated to be completed by September 30, 2015.
- Test operations are anticipated to be completed by October 15, 2015.
- Targa anticipates commencement of operations will begin by October 31, 2015.

7. **Future Plans:** Future expansion may include addition of a Reid Vapor Pressure unit immediately to the south of LMGP III. Targa anticipates this addition could occur in 2016.

B. Need for the Project.

North Dakota gas production and flaring of unsold gas has attracted negative attention in past years. This negative attention has resulted in a number of actions. In late 2013, several groups of mineral owners filed numerous class action lawsuits seeking damages due to unpaid royalties resulting from flaring of unsold gas. In mid-2014, the North Dakota Industrial Commission approved policy aimed at reducing the amount of natural gas flaring from the Bakken and Three Forks Formations. The policy establishes oil production limits that will take effect if producers fail to meet requirements to capture natural gas at the well site. As part of the proposed and enacted regulation of gas flaring, North Dakota has established reduced flaring goals for the industry to meet. Additional gas processing capacity is needed in North Dakota in order for oil and gas producers to avoid flaring wellhead gas, or reducing production.

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

C. Cost.

Because Targa acquired LMGP I along with gas and crude petroleum gathering infrastructure and associated crude petroleum storage facilities from Saddle Butte, it is difficult to place an exact value on only LMGP I due to the extensive nature of the asset acquisition. The total estimated cost of the three expansions to LMGP I is approximately \$237 million. The cost of LMGP II was \$25 million. The estimated cost for LMGP III is \$72 million. The estimated cost for LMGP IV is \$140 million.

D. Waiver Request.

Targa requests that the Commission grant the waivers requested herein because said waivers are needed to prevent potentially significant delays to expansion of the Facility. As noted above, the Facility is needed to provide gas processing capacity in North Dakota in order for oil and gas producers to avoid flaring wellhead gas or reducing production. Utilizing the Facility will provide a full-scale gas plant to process a large volume of gas, remove valuable liquid components, and provide residue gas directly to a pipeline, all within economical boundaries. Without the waivers of time schedules and procedures requested, construction and operation of the Facility will be delayed and the Facility will not be able to satisfy the immediate need for a full-scale gas processing plant facility.

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 Application, granting the waivers requested is appropriate because the proposed facility will produce minimal adverse effects due to its design (a gas processing facility which will accommodate the rich gas production from the Bakken and Three Forks Formations), its location (located in large part on agricultural land in McKenzie County and avoiding Exclusion and Avoidance Areas), and its purpose (residue gas and NGL processing facility).

In determining whether the proposed facility will result in adverse impacts on the environment, Targa evaluated the Facility 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 Facility considering the siting criteria set forth in Section 69-06-08-01 of the North Dakota Administrative Code and the factors set forth in Section 49-22-09 of the North Dakota Century

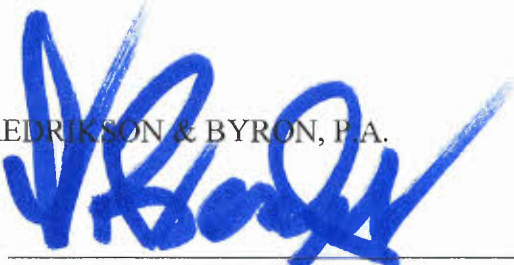
Code. Impacts associated with the Facility, and mitigation measures that will be taken with respect to said impacts, are summarized in Sections 7 and 8 of the Application. Based upon the siting criteria evaluation performed by Targa, and the factors set forth in the Guidelines, the Facility will have minimal adverse effects.

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

Dated this 30th day of December, 2014.

FREDRIKSON & BYRON, P.A.

By



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STATE OF NORTH DAKOTA)
) ss.
COUNTY OF BURLEIGH)

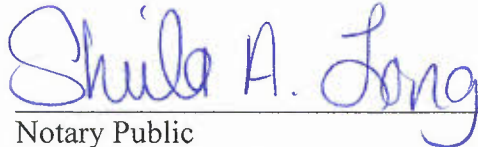
LAWRENCE BENDER, of lawful age, being first duly sworn, on oath deposes and says:

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 he 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.



LAWRENCE BENDER

Subscribed and sworn to before me this 30th day of December, 2014.



Notary Public

My Commission Expires:

SHEILA A. LONG
Notary Public
State of North Dakota
My Commission Expires April 3, 2018

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