

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Targa Badlands LLC
Little Missouri Gas Plant Expansion - McKenzie
Siting Application**

Case No. PU-14-853

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

September 16, 2015

Appearances

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

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.

Zachary E. Pelham, Special Assistant Attorney General, as Counsel for the Public Service Commission, State Capitol, 600 East Boulevard Avenue, Bismarck, North Dakota 58505.

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

Preliminary Statement

On December 31, 2014, Targa Badlands LLC (Targa) filed an application for a certificate of site compatibility for a gas processing plant, the Little Missouri Gas Plant (Plant), to be located approximately 7 miles south of Watford City in McKenzie County. The Plant will include the existing original plant (LMGP I) with a design capacity of 12 million standard cubic feet per day (MMSCFD), the existing first expansion (LMGP II) with a design capacity of 21 MMSCFD, the existing second expansion (LMGP III) with a design capacity of 40 MMSCFD, and a proposed third expansion (LMGP IV) with a design capacity of up to 200 MMSCFD. The total processing capacity for the Plant will be up to 273 million standard cubic feet per day (MMSCFD). The estimated cost for LMGP IV is \$140 million.

On January 21, 2015, the Commission deemed the application of Targa complete and issued a Notice of Filings and Notice of Hearing scheduling a hearing for

April 15, 2015, at 9:00 a.m. CST at Teddy's Residential Suites, 113 9th Avenue SE, Watford City, North Dakota 58854.

The Notice of Filings and Notice of Hearing identified the following issues to be considered with respect to the application for a certificate of site compatibility:

1. Will the location, construction and operation of the proposed facility produce minimal adverse effects on the environment and upon the welfare of the citizens of North Dakota?
2. Is the proposed facility compatible with the environmental preservation and the efficient use of resources?
3. Will the proposed facility location 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 April 15, 2015, 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. Targa Badlands LLC is a registered foreign limited liability company with offices located at 1000 Louisiana Street, Suite 4300, Houston, TX 77002-5036.
2. Targa is authorized to do business in the State of North Dakota as evidenced by corporate papers filed with the Commission on September 10, 2014, Case No. PU-14-711.

Need for the Facility

3. Targa concluded there is a need for the Plant as gas production from the Bakken Shale and Three Forks formations exceeds the processing capacity available at existing facilities.

Size, Type, and Preferred Location of Facility

4. The total processing capacity of the Plant will be up to 273 MMSCFD.
5. Targa requests a site certificate for: (1) a 40-acre tract located in North Dakota, McKenzie County, Township 149 North, Range 98 West, Section 30, NE1/4 of SE1/4, where LMGP I and II are located (Parcel 1); (2) a 40-acre tract located in North Dakota, McKenzie County, Township 149 North, Range 98 West, Section 29, NW1/4 of SW1/4,

where LMGP III is constructed and LMGP IV is proposed (Parcel 2); and (3) a 13-acre tract in North Dakota, McKenzie County, Township 149 North, Range 98 West, Section 29 (Parcel 3). The 93-acre area consisting of Parcel 1, Parcel 2, and Parcel 3 comprises the (Plant Location).

Study of Preferred Location

6. Targa conducted a Class I Cultural Resource Literature Search and a Class III Cultural Resource Inventory covering the Plant Location.

7. Targa contacted the US Army Corps of Engineers, Minot Air Force Base, North Dakota Department of Health (NDDoH) Division of Air Quality, NDDoH Environmental Health Section, North Dakota Game and Fish Department, North Dakota Department of Transportation (NDDOT), North Dakota State Water Commission, North Dakota State Historical Preservation Office (SHPO) and North Dakota Parks and Recreation Department concerning the Plant Location.

8. In its August 26, 2010 response, the SHPO concurred with Targa's Class III study recommendation for Parcel 1 of "No Historic Properties Affected" and "No Significant Sites Affected" provided the ground disturbance is in the E ½ of the NE ¼ of the SE ¼ of Section 30 as mapped and described in the report.

9. In its November 20, 2014 response, the Minot Air Force Base determined that they do not have any foreseeable concerns with the Plant Location, and there would be no need for any special permits from them for the Plant Location.

10. In its November 21, 2014 response, the NDDoH Division of Air Quality determined that Targa will need to apply for and obtain an Air Pollution Control Permit from the NDDoH prior to beginning construction.

11. In its November 26, 2014 response, the US Army Corps of Engineers indicated that there appears to be waters of the US on the Plant Location. The US Army Corps of Engineers suggested that a field wetland delineation be completed to identify the extent of wetland resources and identify other waters on site.

12. In its December 1, 2014 response, the NDDoH Environmental Health Section indicated that they believe the environmental impacts from the Plant will be minor and can be controlled by proper construction methods.

13. In its December 10, 2014 response, the NDDOT indicated that the Plant Location should have no adverse effect on the NDDOT highways.

14. In its December 10, 2014 response, the North Dakota Parks and Recreation Department recommended that the Plant be accomplished with minimal impacts, and

that all efforts be made to ensure that critical habitats not be disturbed in the Plant Location to help secure rare species of conservation priority in North Dakota.

15. In its December 17, 2014 response, the North Dakota Game and Fish Department indicated that they do not believe the Plant Location will have significant adverse effects on wildlife or wildlife habitat based on the information provided by Targa.

16. In its April 7, 2015 response, the SHPO concurred with Targa's Class III study recommendation for Parcels 2 and 3 of "No Significant Sites Affected" provided the project is of the nature stated and takes place in the location plotted and mapped in the project documentation.

17. There is no evidence of any other agency responses.

18. Targa will submit applications for a building permit to McKenzie County and applications for air quality permits to the NDDoH.

19. 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 an application for a certificate of site compatibility. The criteria, as set forth in North Dakota Administrative Code Section 69-06-08-01, are classified as Exclusion Areas, Avoidance Areas, Selection Criteria, and Policy Criteria.

20. Targa evaluated the Plant Location for the exclusion, avoidance, selection, and policy criteria of the Commission.

21. An energy conversion facility must not be sited within an exclusion area.

22. The Plant Location is not within an exclusion area.

23. An energy conversion facility must not be sited within an Avoidance Area unless the applicant demonstrates that under the circumstances there are no reasonable alternatives. In determining whether an avoidance area should be designated for a 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 sites.

24. As suggested by the US Army Corps of Engineers, Targa completed a wetland delineation at the Plant Location. One wetland is located in the northern portion of Parcel 3. However, in connection with the LMGP IV Plant expansion, Targa will only utilize the southern portion of Parcel 3 as a laydown yard, which will have no impact on the wetland. Three waterbodies were recorded in the Plant Location, but no impacts will occur as a result of the Plant.

25. In accordance with the Commission's selection criteria, a site shall be approved only if it is determined that any significant adverse effects that will result from the location, construction and operation of the facility as they relate to the selection criteria will be at an acceptable minimum, or will be managed and maintained at an acceptable minimum. Targa has analyzed the impacts of the Plant Location in relation to all relevant selection criteria. No significant adverse effects will result from the location, construction and operation of the Plant.

26. In accordance with the Commission's policy criteria, preference may be given to an application demonstrating certain benefits of the energy conversion facility. Targa has committed to conducting its business in compliance with applicable laws and regulations, fostering a work culture that rewards and holds employees and contractors accountable for work safety, to reduce discharges and waste, and to minimize land disturbance. Targa has additionally sited and designed the Plant to conserve energy through location, process, and design; to utilize a raw material located within the state; and to take advantage of economies of scale. The proposed Plant will not require relocation of residents.

Measures to Minimize Impact

27. Targa made other representations and covenants as indicated by the Certification Relating to Order Provisions – Energy Conversion Facility Siting, with accompanying Tree and Shrub Specifications.

28. The addition of processing capacity for the Plant at its existing location will have economic benefits and will minimize environmental disturbance by utilizing existing infrastructure, including access roads, utilities, gathering systems, and delivery pipelines.

29. Targa will continue to coordinate with local authorities and emergency managers regarding emergency response measures. Targa's current emergency response plan utilized for LMGP I, LMGP II, and LMGP III will also include LMGP IV.

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

Conclusions of Law

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

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

3. The Plant is an energy conversion facility as defined in North Dakota Century Code Section 49-22-03(5).

4. Construction, operation, and maintenance of the Plant at the proposed location will produce minimal adverse effects on the environment and upon the welfare of the citizens of North Dakota.
5. Construction, operation, and maintenance of the Plant at the proposed location is compatible with environmental preservation and the efficient use of resources.
6. Construction, operation, and maintenance of the Plant at the proposed location 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.

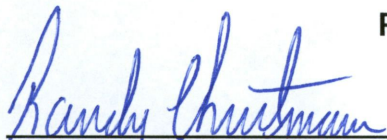
From the foregoing Findings of Fact and Conclusions of Law, the Commission now issues the following:

Order

The Commission Orders:

1. Certificate of Site Compatibility No. 45 is issued to Targa Badlands LLC, designating a site for the construction, operation, and maintenance of the Little Missouri Gas Plant. For purposes of this Certificate, the designated site consists of 93-acres in McKenzie County as follows: (1) a 40-acre tract located in North Dakota, McKenzie County, Township 149 North, Range 98 West, Section 30, NE1/4 of SE1/4; (2) a 40-acre tract located in North Dakota, McKenzie County, Township 149 North, Range 98 West, Section 29, NW1/4 of SW1/4; and (3) a 13-acre tract to the north of the expansion area in North Dakota, McKenzie County, Township 149 North, Range 98 West, Section 29.
2. Targa will obtain a building permit from McKenzie County and applications for air quality permits from the NDDoH prior to engaging in construction activity.
3. The Certification Relating to Order Provisions – Energy Conversion Facility Siting with attached Tree and Shrub Mitigation Specifications executed by Targa on June 22, 2015, is incorporated by reference and attached to this Order.
4. To the extent there are any conflicts or inconsistencies between Targa's application and the Certification, the Certification provisions control.

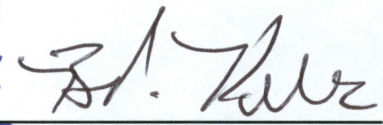
PUBLIC SERVICE COMMISSION



Randy Christmann
Commissioner



Julie Fedorchak
Chairman



Brian P. Kalk
Commissioner

PUBLIC SERVICE COMMISSION

STATE OF NORTH DAKOTA

Certificate of Site Compatibility Number 45

This is to certify that the Commission has designated an energy conversion facility site for Targa Badlands LLC, for the construction, operation, and maintenance of a gas processing plant in McKenzie County, North Dakota.


This certificate is issued in accordance with the Order of the Commission dated September 16, 2015, in Case No. PU-14-853, and is subject to the conditions and limitations noted in the Order.

Bismarck, North Dakota, September 16, 2015.

ATTEST:

PUBLIC SERVICE COMMISSION


Executive Secretary


Commissioner

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Targa Badlands LLC
Little Missouri Gas Plant Expansion – McKenzie County
Siting Application

Case No. PU-14-853

**CERTIFICATION RELATING TO ORDER PROVISIONS - ENERGY CONVERSION
FACILITY SITING**

I am Francis Foret, a representative of Targa Badlands LLC ("Company") with authority to bind Company to requirements to be set forth by the Commission in its Order and I certify the following:

1. Company understands and agrees that the Certificate of Site Compatibility will be issued by the Commission subject to the conditions and criteria set forth in Chapter 49-22 of the North Dakota Century Code and Chapter 69-06-08 of the North Dakota Administrative Code, and that Company shall be responsible for compliance with this order and conditions and criteria set forth in the applicable laws and rules.
2. Company agrees to hold a preconstruction conference prior to commencement of any construction, which must include a Company representative, its construction supervisor, and a representative of Commission Staff, to ensure that Company fully understands the conditions set forth in the Commission's order.
3. Company agrees to comply with the rules and regulations of all other agencies having jurisdiction over any phase of the proposed energy conversion facility including all city, township, and county zoning regulations.
4. Company understands and agrees that it shall obtain all other necessary licenses and permits, and shall provide copies of all licenses and permits to the Commission prior to construction activity associated with the energy conversion facility that requires said license or permit.
5. Company agrees to inform the Commission and the Commission's third-party construction inspector of its intent to start construction on the energy conversion facility prior to the commencement of construction. Once construction has started, Company shall keep the Commission and the Commission's third-party construction inspector updated of construction activities on a monthly basis.
6. Company understands and agrees that the Certificate of Site Compatibility is subject to suspension or revocation and may, in an appropriate and proper case, be suspended or revoked for failure to comply with the Commission's order, the conditions and criteria of the certificate or subsequent modification, or failure to

comply with the applicable statutes, rules, regulations, standards, and permits of other state or federal agencies.

7. Company agrees to maintain records that will demonstrate that it has complied with the requirements of the Commission's order and the Certificate of Site Compatibility, and that it will preserve these records for Commission inspection at any reasonable time upon reasonable notice.
8. Company agrees to construct and operate the energy conversion facility in accordance with all applicable safety requirements.
9. Company agrees to construct and operate the energy conversion facility in the manner described in Company's application, in any late filed exhibits, and supplemental materials, (Application). To the extent there are any conflicts or inconsistencies between Company's Application and the provisions in this Certification Relating to Order Provisions, the Certification provisions control.
10. Company agrees to report promptly to the Commission the presence in or near the approved site of any critical habitat of threatened species, endangered species, bald eagles, or golden eagles that Company becomes aware of and which were not previously reported to the Commission.
11. Company understands and agrees that all cultural resource mitigation plans must be submitted to the North Dakota State Historic Preservation Office and approved prior to the start of any fieldwork and construction activity in the affected area.
12. Company understands and agrees that if any cultural resource, paleontological site, archeological site, historical site, or grave site is discovered during construction, it must be marked, preserved and protected from further disturbances until a professional examination can be made by the State Historical Society, a report of such examination is filed with the Commission, and clearance to proceed is given by the Commission.
13. Company understands and agrees that all buried facility crossings of graded roads shall be bored unless the responsible governing agency specifically permits Company to open cut the road.
14. Company understands and agrees that all pre-existing township and county roads and lanes used during construction must be repaired or restored to a condition that is equal to or better than the condition prior to the construction of the energy conversion facility and that will accommodate their previous use, and that areas used as temporary roads or working areas during construction must be restored to their original condition if such temporary roads or working areas are located on third-party owned property.

15. Company understands and agrees that construction must be suspended when weather conditions are such that construction activities will cause irreparable damage to roads or land, unless adequate protection measures approved by the Commission are taken.
16. Company understands and agrees that reclamation, fertilization, and reseeding is to be done according to the Natural Resources Conservation Service recommendations, unless otherwise specified by the landowner and approved by the Commission. Such provision shall only apply to third-party owned property.
17. Company understands and agrees that its obligation for reclamation and maintenance of the approved site will continue throughout the life of the energy conversion facility.
18. Company agrees to comply with the Tree and Shrub Mitigation Specifications, attached.
19. Company understands and agrees that it shall repair or replace all fences and gates removed or damaged during all phases of construction and operation of the proposed energy conversion facility.
20. Company understands and agrees that it shall repair or replace all drainage tile broken or damaged as a result of construction and operation of the proposed energy conversion facility.
21. Company understands and agrees that it shall work with landowners and residents to mitigate any increase in television and residential radio interference that results from the construction of the energy conversion facility.
22. Company understands and agrees that staging areas or equipment shall not be located on land owned by a person other than Company unless otherwise negotiated with landowners.
23. Company understands and agrees that it shall remove all waste that is a product of construction and operation, restoration, and maintenance of the site, and properly dispose of it on a regular basis.
24. Company agrees that it shall, as soon as practicable upon the completion of the construction of the energy conversion facility, restore the area affected by the activities to as near as is practicable to the condition as it existed prior to the beginning of construction, unless such areas are located on Company property and will be used for future projects or in connection with ongoing facility operations.

25. Company understands and agrees that it shall provide any necessary safety measures for traffic control or to restrict public access to the energy conversion facility.
26. Company understands and agrees that it shall advise the Commission of any extraordinary events which take place at the site of the energy conversion facility, including injuries to any person, the death of any threatened or endangered species, within five business days of such event.
27. Company understands and agrees that it shall implement a procedure for how complaints concerning the proposed energy conversion facility will be handled by Company.
28. Upon request, Company agrees to provide the Commission with engineering design drawings showing surveyed structure prior to construction.
29. Company understands and agrees that it shall inform the Commission in writing of any plans to modify the energy conversion facility, or of any plans to modify the site plan for the energy conversion facility.
30. Company agrees to provide the Commission with both an electronic and a paper copy of the site approved by the Commission and the facility design specifications for the construction of the energy conversion facility showing the location of the energy conversion facility as built, and will provide this information within 3 months of the completion of the construction. Company also agrees to provide an electronic version of the site approved by the Commission and the facility design specifications for the construction of the energy conversion facility showing the location of the energy conversion facility as built that can be imported into ESRI GIS mapping software within 3 months of the completion of the construction. This electronic map data must be referenced to the North Dakota coordinate system of 1983, North and/or South zones US Survey feet (NAD 83) UTM Zone 13N or 14N feet (NAD 83), or geographic coordinate system (WGS 84) feet. The vertical data must be in the appropriate vertical datum for the coordinate system used. All submissions must specify the datum in which the data was developed.
31. Company understands and agrees that the authorizations granted by the Certificate of Site Compatibility for the energy conversion facility are subject to modification by order of the Commission if deemed necessary to protect further the public or the environment.
32. Company shall notify the Commission, as soon as reasonably possible, if any damage, as defined by North Dakota Century Code Chapter 49-23, occurs to underground facilities during construction conducted under the certificate or permit issued in this proceeding. In the event of any damage to underground facilities,

Company shall suspend construction in the vicinity of the damage until compliance with One-Call Excavation Notice System requirements under North Dakota Century Code Chapter 49-23 has been determined.

33. The certificate of site compatibility is subject to suspension or revocation and may, after hearing, be suspended or revoked for failure to comply with the Commission's order, requirements of the One-Call Excavation Notice System under North Dakota Century Code Chapter 49-23, the conditions and criteria of the certificate or permit or subsequent modification, or failure to comply with applicable statutes, or rules, regulations, standards, and permits of other state or federal agencies.

Dated this 22 day of June, 2015.

Targa Badlands LLC

By 

TSM

Its Vice President - Operations

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Targa Badlands LLC
Little Missouri Gas Plant Expansion – McKenzie County
Siting Application

Case No. PU-14-853

Tree and Shrub Mitigation Specifications

Inventory

1. Trees and shrubs anticipated to be cleared, including those that are considered invasive species or noxious weeds (e.g., *Caragana arborescens*, *Elaeagnus angustifolia*, *Rhamnus cathartica*, *Tamarix chinensis*, *T. parviflora*, *T. ramosissima*, *Ulmus pumila*), must be inventoried before cutting. The inventory must record the location, number, and species of trees and shrubs.
2. In windbreaks, shelterbelts and other planted areas, trees or shrubs anticipated to be cleared, regardless of size, must be inventoried for replacement.
3. In native growth areas, trees anticipated to be cleared that are 1 inch diameter at breast height (dbh) or greater must be inventoried for replacement.
4. In native growth areas, shrubs anticipated to be cleared in the permanent right-of-way must be inventoried for replacement.
5. In native growth areas outside the permanent right-of-way, shrubs must be cut flush with the surface of the ground, taking care to leave the naturally occurring seed bank and root stock intact. If soil disturbance is necessary, the native topsoil must be preserved and replaced after construction. Shrubs must be allowed to regenerate naturally where native topsoil is preserved and replaced. Where native topsoil is not preserved and replaced, shrubs anticipated to be cleared must be inventoried for replacement.
6. In native growth areas, trees and shrubs may be inventoried by actual count or by a sampling method that will properly represent the woody vegetation

population. A sampling plan developed by the company, filed with the North Dakota Public Service Commission (Commission) and approved prior to the start of construction must define the sampling method to be used for trees, for tall shrubs and for low shrubs. The data from the sample plots must be extrapolated to the total acreage of the wooded area to be cleared to determine the species and quantity of trees and shrubs to be replaced.

Clearing for Construction

7. Trees and shrubs must be selectively cleared, leaving mature trees and shrubs intact where practical.
8. The maximum width of clear cuts through windbreaks, shelterbelts and all other wooded areas is 50 feet, unless otherwise approved by the Commission.
9. If the area of trees or shrubs actually cleared differs from the area inventoried, the difference in number of trees and shrubs to be replaced must be noted on the inventory.

Replacement

10. Prior to tree and shrub replacement, documentation identifying the number and variety of trees and shrubs removed, as well as the mitigation plan for the proposed number, variety, type, location and date of replacement plantings, must be filed with the Commission for approval.
11. Two 2-year-old saplings must be planted for every one tree removed. Two shrubs (stem cuttings) must be planted for every one shrub removed.
12. Except in the case of invasive or noxious species, trees and shrubs must be replaced by the same species or similar species, suitable for North Dakota growing conditions as recommended by the North Dakota Forest Service. Invasive or noxious species must be replaced by similar non-invasive or non-

noxious species suitable for North Dakota growing conditions as recommended by the North Dakota Forest Service.

13. Landowners must be given the option of having replacement trees and shrubs planted on the landowner's property, either on or off the right-of-way. The landowner must also be given the opportunity to waive those options in writing in order to have replacement trees and shrubs planted off the landowner's property.
14. At the conclusion of the project, documentation identifying the actual number, variety, type, location and date of the replacement plantings must be filed with the Commission.
15. Tree and shrub replacements must be inspected annually, in September, for three years. The first annual inspection must be at least one year from the anniversary date of the original plantings. A report of each annual inspection must be submitted to the Commission by October 1 of each year, documenting the condition of plantings and any woodlands work completed as of September of each year. If after the third annual report the survival rate is less than 75%, the Commission may order additional planting(s).