

PROPOSAL

Prepared for:

State Of North Dakota



**NORTH DAKOTA PUBLIC SERVICE COMMISSION
PUBLIC UTILITIES DIVISION
600 E Boulevard Ave, Dept 408
Bismarck, ND 58505-0480**

May 5, 2008

RFP Number: PU-06-421

***Consultants Services in TransCanada Keystone Pipeline, LP
Construction Oversight Application; Case No PU-06-421***

RFP Date of Issue: April 16, 2008



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(701) 667-1800**

Engineering, Environmental, & Regulatory Affairs Professionals

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I. Introduction

Keitu Engineers & Consultants, Inc. (Keitu) is pleased to submit this Request for Proposal to the North Dakota Public Service Commission in response to the April, 16 2008 solicitation for RFP Number: PU-06-421 to acquire consultant services for construction oversight of the case filed by TransCanada Keystone Pipeline, LP. Keitu Engineers & Consultants, Inc. is currently on the list of approved vendors for the State of North Dakota and certified as a women-owned business by the ND Department of Commerce Division of Economic and Finance (certificate number 2004-502).

Keitu has assembled the project team, technology and resources to oversee construction on the case filed by TransCanada Keystone Pipeline, LP. Keitu Engineers & Consultants, Inc. staff will comply with all provisions in RFP Number PU-06-421. Our staff is located in Mandan, ND literally within a few driving minutes of the North Dakota Public Service Commission offices. Keitu will perform the work in the field and at its office. Pertinent contact information includes:

Keitu Engineers & Consultants, Inc.
2610 Old Red Trail, Suite C
PO Box 98
Mandan, ND 58554-0098

Kathleen Spilman, PE, Managing Director
Timothy Spilman, Project Manager

Telephone: (701) 667-1800
Fax Number: (701) 667-1802

Internet website: www.keitu.com

Kathleen Spilman is Managing Director and President of the company and is empowered to bind the company into a time and material contract. Her signature is on the letter of transmittal confirming the schedule of fees in support of our proposal. We understand and accept the project budget limitation of \$100,000.

We have reviewed the Service Contract for indemnification and insurance requirements. Keitu performed a small project for the ND Department of Transportation in November 2006 and with one exception, we believe we have already provided the necessary insurance documentation to the State's Risk Management Department. We confirmed verbally with our insurance carrier that our policy meets the insurance requirements outlined in the RFP including the required Waiver of Subrogation clause.

Keitu's team looks forward to the opportunity to provide professional, cost-effective, on-time, and high-quality services to the North Dakota Public Service Commission, Public Utilities Division.

II. Understanding of the Project

Objective A: Understanding of the purpose and scope of the project.

Expanded crude oil production and tar sands processing in Canada paired with continued petroleum demand in the United States has created a demand for additional pipeline transportation capacity. The TransCanada Keystone Pipeline, LP has sought and received permission from the ND Public Service Commission (PSC) to construct a 218-mile 30 inch crude pipeline in the eastern portion of North Dakota. A number of factors combined to make the permitting process of interest to a wide variety of stakeholders and subsequently received wide media coverage. Given that the line will become the largest single liquid pipeline in operation in the state, it will be placed in proximity of environmentally sensitive areas and its construction is subject to provisions not routinely assigned to such projects, adequate construction oversight is imperative by the PSC.

The demand for various forms of energy paired with success of oil exploration companies operating in North Dakota has strained generation and utility transportation facilities in the state. The existing PSC staff is expected to process permit applications for new facilities in a timely manner. The recent surge in demand on PSC resources may necessitate the agency to supplement its staff with contract personnel.

The TransCanada Keystone Pipeline is subject to the provisions outlined in the Commission's February 21, 2008 order, in addition to a 404 permit by the US Corps of Engineers for water and wetlands crossings, ND Department of Transportation permit provisions for crossings all state highways, a ND Department of Health construction site stormwater management permit, in addition to local permits such as individual county section line and road crossing permits. A provision of the PSC order is to provide copies of all required project permits to the PSC for review and possible construction oversight.

Since petroleum crude oil is a flammable liquid which meets the definition of a hazardous material, the design, construction, testing, operation and maintenance of the pipeline is also subject to the applicable provisions of the US Department of Transportation rules outlined in 49 CFR 195 as well. These regulations also incorporate by reference pertinent industry standards developed by organizations such as the American Society of Mechanical Engineers (ASME) and American National Standards Institute (ANSI) and the American Petroleum Institute (API).

Inspector(s) will be responsible for assuring the terms of the permit along with associated regulations are kept in compliance and appropriate actions are delivered in the areas of pipeline construction, tree and shrub inventory, tree and shrub clearing, tree and shrub mitigation, water crossings, damage reporting, and reclamation. The Inspector(s) will promptly report to the Public Service Commission on any notice of actions not in compliance with the PSC, federal, or state regulations.

Keitu Engineers & Consultants, Inc. and its staff are in a unique situation to provide this service for the PSC. The firm prepared the corridor and route permits for submission to the PSC for the Alexander Crude Oil Pipeline project submitted in 2007. In conjunction with that project, the firm obtained permits from the US Corps of Engineers, County Engineer and ND Department of Transportation for the project. We also reviewed construction implications and provided some construction oversight with compliance with these provisions. However of most and immediate importance was “provision S” of the US Forest Service permit. Keitu provided project oversight for the portion of the project on Federal lands and certification that the project was construction in compliance with US DOT regulations.

Objective B: Pertinent issues & problems related to the project.

The construction of a pipeline and the associated systems can pose risk to the environment. Potential biological impacts include wildlife and wildlife habitat, erosion, and sedimentation. Compliance with permit provisions is essential to avoid these issues. The Keitu staff experience avoids any steep learning curve required by a less experienced inspection team.

The project is expected to engage two separate construction crews, working toward their designated finishing points. The approach will certainly speed completion and minimize total construction time, but may offer challenges of needing to be in two places at one time. Keitu expects to address this issue by designating two primary inspectors for this project with complementary skills and training: an engineer with years of experience overseeing construction of DOT regulated pipes and a biology specialist who lead the team for environmental field studies for a crude oil pipeline in 2007 in western North Dakota. These two individuals can cover the construction activities if necessary and call upon each other to supplement their knowledge in areas outside their direct experience.

Construction typically occurs in remote areas where off-road access may be an issue. Keitu has its own ATVs which may be necessary to access specific areas of the route.

As with all construction projects, hazards exist to project personnel. Each of the Keitu field staff have completed a 10-hour OSHA construction or general industry safety course and will be provided with a complete complement of personal protective equipment including hardhats, safety glasses, steel toe footwear, snake chaps (where appropriate) and hearing protection in addition to hot and cold weather gear.

Keitu Engineers & Consultants, Inc. (Keitu) believes these items are representative examples of potential controversies associated with this construction oversight case study. We understand these pertinent issues and potential problems and take all necessary precaution to avoid injury.

We believe we are prepared to accurately and objectively manage these issues as we assist the North Dakota Public Service Commission with this project. It is important to state that Keitu Engineers & Consultants, Inc. does not currently have nor ever had a

professional contact or relationship with TransCanada Keystone Pipeline, LP or the consultants they engaged for this project.

Objective C: Offeror demonstrates an understanding of the deliverables the State expects to provide.

If awarded the contract, one of the first steps the Keitu staff would take is to review the project file – specifically all permits submitted to the PSC relating to the project. Conditions outlined by the permits will be summarized and inspection check sheets will be prepared to assure consistent and thorough field inspections.

Keitu shall provide experienced field personnel with at least a BS degree in biology and/or engineering all with prior experience involved with the permitting and construction of a crude oil pipeline including correct subsurface boring techniques. Our inspection team provides a combination of education and skills necessary to assess the construction with key personnel versed in pipeline design and construction as well as biological field surveys, wetland delineation and tree and scrub mitigation plans.

As our prior experience with the Belle Fouche Pipeline project, our staff is familiar with conditions specified in a pipeline PSC construction order, conditions specified in a ND Department of Health stormwater management permit, US Corps of Engineer and ND Department of Transportation permits. Our engineers are also familiar with the US DOT pipeline construction requirements outlined in 49 CFR 195 including Form 7 Evaluation Report of Liquid Pipeline Construction issued by the Pipeline and Hazardous Material Safety Administration (PHMSA).

Keitu will deliver the specified services and formal documentation including verification of installed location of the line using GIS equipment to sub-meter accuracy and mapping consistent with ESRI ArcMAP software. Our deliverable will also include assistance to supervise construction activities along with observation and reporting of any noncompliant actions by TransCanada Keystone Pipeline, LP. It is further understood that that Keitu will submit these deliverables as requested to North Dakota Public Service Commission.

The Keitu staff will be housed at the firms Mandan, ND's offices located at 2610 Old Red Trail, Suite C in Mandan. All necessary field equipment for its employees will be provided by the firm.

Objective D: Offeror demonstrates an understanding of the State's time schedule and can meet it.

Keitu understands that the contract starts May 23, 2008 and that the work period is through June 30, 2009. As noted previously, Keitu will designate 2 staff individuals who will support this project as their primary assignment. The services of the project engineer will be backed up by the Keitu Managing Director who also has direct field experience with pipeline construction and crude oil operations. The primary biological specialist

will be backed up by an environmental scientist currently on staff who also participated in the 2007 Belle Fouche Alexander crude oil project. These individuals will be made available for the duration of the project.

These staff assignments will be made upon contract award. Keitu looks forward to assisting the North Dakota Public Service Commission in construction oversight and implementation of compliance on a schedule that is mindful of North Dakota Public Service Commission's project schedule. Keitu has all four professionals involved with this construction case available and will coordinate with the Commission as required.

Keitu understands the Commission will set a timeline when the voluntary procedural schedule is established by TransCanada Keystone Pipeline, LP and North Dakota Public Service Commission.

The following is a best estimate timeline schedule Keitu proposes based on information provided in the request for proposal (RFP):

May 7, 2008	Proposal Due
May 14, 2008	Evaluation of RFP completed
May 15, 2008	Notice of Intent to Award
May 22, 2008	State issues contract
May 23, 2008	Keitu can officially start contract
June 30, 2009	Keitu's contract ends

Objective E: Offeror's proposal submitted responsive to all material requirements

The table of contents and body of the proposal include all material requirements.

III. Methodology Used for the Project

Objective A: Approach to fulfilling the requirements of the RFP.

Keitu Consultant has enclosed this proposal to fulfill the requirements of the RFP. The Table of Contents identifies locations and page numbers. Bold headers were also used to assist in helping find information more conveniently.

Keitu has assembled a team of four professionals, with two designated as the primary inspectors with the other two individuals serving in a backup role, that will fulfill the requirements. This five member team is made up of a Managing Director (Professional Engineer), Project Manager (Engineer), Biology Specialist and Environmental Health Specialist. The Managing Director's focus is functional and conceptual guidance for the team. The Project Manager's primary responsibilities include communication between the Commission and the team, technical construction and compliance oversight, subsurface boring, reporting damages and noncompliant actions, and directing Keitu staff. The Biology Specialist will handle issues pertaining to plant and wildlife regulations, stormwater compliance, GPS/GIS technical services, and other assigned duties given from the Project Manager. The Environmental Health Specialist will be responsible for GPS/GIS technical issues, mapping development, and other assigned duties given from the Project Manager. Keitu has all four professionals involved with this construction oversight case available as required.

With the single exception of engaging a local graphics and reproduction shop for assistance with preparation of exhibits and graphical displays for meetings, hearings or presentations, should it be required, Keitu does not expect to use subcontractors to assist with the completion of this project.

Objective B: Matching and achieving the objectives set out in the RFP.

Keitu has addressed all of the objectives set out in the RFP. Additional information for some objectives may be found in other parts of the RFP as they were more relevant to the objective location they were found.

Objective C: Interface with the time schedule in the proposal.

Keitu currently has staff available to immediately begin work on the project and are expected to complete this work within the specified timeline. Keitu has all professionals involved with this construction oversight case available as required.

Objective D: Provisions for quality assurance.

Performance is ensured in a variety of different ways. First, all four individuals assigned to the project have had prior crude oil pipeline permitting and/or construction experience on projects subject to ND Public Service Commission regulation and construction

oversight. Second, a project specific checklist will be developed to assure all permit conditions have been identified and are available in a ready format for field personnel. Third, each field employee will be provided with and expected to maintain field notes in a bound notebook. Fourth, a periodic status report will be provided to the PSC project coordinator as well as the Keitu Managing Director to provide an opportunity for feedback and suggestions for improvement.

Keitu's Managing Director will provide and internal review of all documents paid by Keitu's staff to provide consistency with PSC or Keitu formats, as required, as well as the quality of the documentation.

Copies of all external correspondence will also be retained in the project file.

Objective E: Offeror meets the schedule set out.

Keitu has reviewed and has followed the RFP schedule found in section 1.03 in the RFP. Keitu is already an approved vendor and is ready to start May 23, 2008.

Objective F: Proposal is beyond minimum tasks to meet objectives of the RFP.

Keitu Consultants have laid out a best estimate time line demonstrating its understanding of the project. This was not a requirement of the RFP. Keitu has assembled a 5 member team of professionals each have sufficient experience. Two of the team members have graduate level education and two have bachelor level education. All project personnel have prior project experience directly applicable to the TransCanada Keystone Pipeline, LP crude construction project. A Registered Professional Engineer is the person responsible for conceptual and functional guidance.

Objective G: Proposal is practical, feasible, and within budget.

Keitu Engineers and Consultants, Inc. has included in this proposal its current professional fee schedule, dated March 1, 2008. Keitu commits to using this fee schedule for time and material charges for staff time and equipment with a not to exceed figure of \$100,000 as outlined in the request for proposal (FRP).

IV. Management Plan for the Project

Keitu Engineers & Consultants, Inc. uses a Project Manager-based system for managing projects and ensuring quality. The purpose of the Project Manager is to ensure the maximum extent practicable, client satisfaction and to give the best value. The primary means of accomplishing this is through communication about the tasks that will be completed, the labor and cost and the schedule for completion. Project management is initiated within Keitu during the proposal stage. Key staff are assigned and committed to the project at the proposal stage. All four proposed staff members will be assigned to this project for its duration. Mr. Timothy Spilman is proposed as Project Manager.

Project Communication

We maintain formal communication procedures (written summaries of communication) which are placed in the project file. We anticipate submitting a monthly formal status report to the designated client contact and a weekly informal status email report, if desired.

Financial Management

The Project Manager receives cost to date information weekly to ensure the project remains on budget. Invoices are prepared and submitted monthly. Invoices also include a summary of all work completed and issues or action items needing completion in the next month.

We are committed to fiscally managing the project as if your funds were ours. Each member of the staff understands the Project Manager's expectations and completes their tasks in a timely fashion and to the Project Manager's expectations.

Ensuring Performance

Performance is ensured in a variety of different ways. Foremost is through effective communication. Second, is through internal reviews. All work products and deliverables are reviewed for content and quality prior to being delivered to the client.

A weekly Keitu staff meeting and project status is typically held each Friday to validate adequate progress for each project by the Managing Director. Retasking available recourses will occur as project needs arise.

Problem Solving and Resolution

Problems periodically arise during a project. The Project Manager is the primary person responsible for the resolution of technical, procedural or contractual problems. He is responsible for communicating these problems with the client.

Responsibility for Project Deliverables

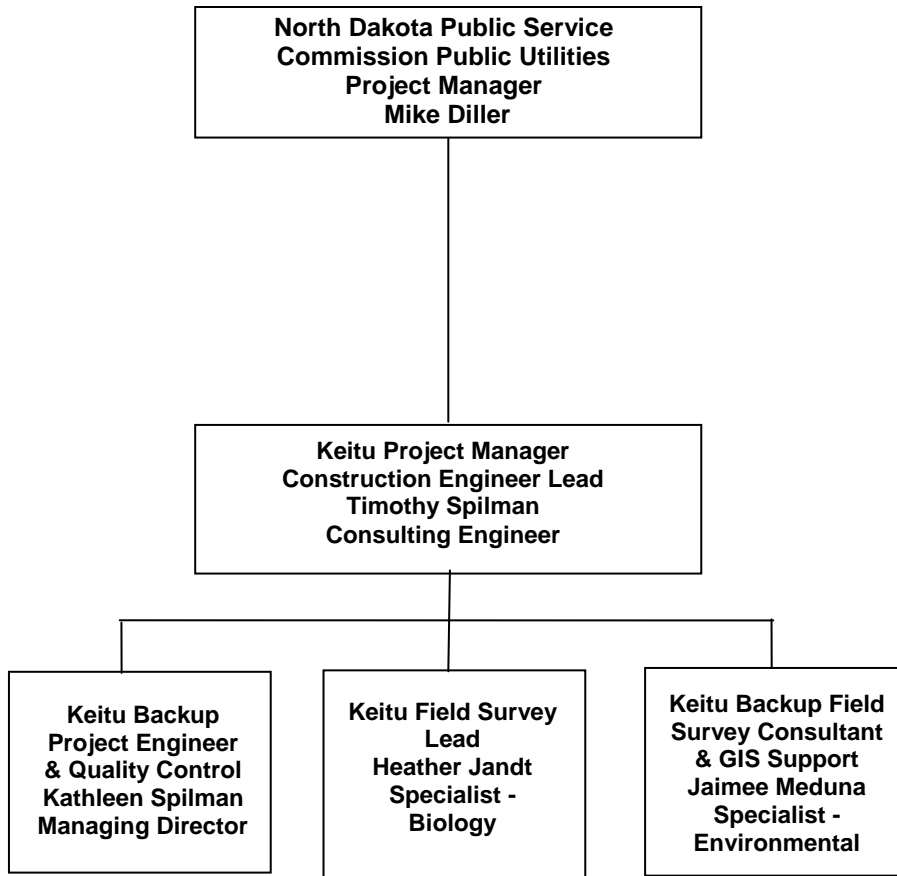
The ultimate responsibility for the project deliverables is the responsibility of the Project Manager, Timothy Spilman.

Location of Work Performed

Execution of the Scope of Services will be predominately completed in the field throughout Cavalier, Walsh, Grand Forks, Steele, Cass, Ransom and Sargent Counties, North Dakota. The reports will be developed at the Keitu Engineers & Consultants, Inc. offices in Mandan, North Dakota. All consultants are available, as requested by the ND Public Service Commission and/or their staff to attend meetings or provide testimony as required in Bismarck, ND or at other locations within the state of North Dakota as specified by the Public Service Commission or its staff.

V. Proposed Project Team Organizational Chart

Based on our current understanding of the project, Keitu proposes the current structure of the project team. We would honor any suggestions offered by the Public Service Commission on this portion of the proposal.



All proposed Keitu staff personnel will be committed to the project for its duration. They will be located in offices located in Mandan.

VI. Project Team Resumes and Project Assignments

- **Project Manager – Timothy Spilman**

Mr. Timothy Spilman has baccalaureate degrees in both electrical and civil engineering from the University of North Dakota-Grand Forks. He also has a Masters in Management degree from the University of Mary in Bismarck. He was named in Who's Who in Finance and Industry - 28th Edition. Tim was recognized by his peers by being selected the ND Outstanding Young Engineer in 1992.

Mr. Spilman was the lead field engineer earlier in 2008 that provided construction oversight for the Belle Fouche Alexander Crude Oil Pipeline project constructed earlier this year in McKenzie County, North Dakota. One of the provisions of the US Forest Service permit was for a professional engineer to certify that portion of the pipeline installed on US Forest Service land was constructed in accordance with US DOT construction requirements.

Prior to joining the firm, Tim gained over 20 years of experience with a large regional investor owned utility including assignments in both its natural gas and electric divisions. His assignments included operation, maintenance and construction activities including pipeline design and construction. He also completed an assignment as a District Marketing Manager. He served as an expert witness in various regulatory hearings. Mr. Spilman repeatedly prepared economic analysis to determine project feasibility. He compiled and analyzed technical information and prepared reports, charts, and maps. Tim also evaluated policies associated with open access, tariff administration, and comparable service requirements during these assignments. Mr. Spilman negotiated, directed, and administered contracts as well. Tim has represented company as a spokesman at public hearings on rate cases as well as conducting one-on-one briefings with individual customers on rate changes.

Mr. Spilman has the ability to manage different tasks simultaneously. He has read, analyzed and interpreted general energy industry periodicals, utility tariffs, laws and regulations. He has the ability to effectively present information and respond to questions.

Timothy F. Spilman will serve as Project Manager and primary contact for Keitu Engineers & Consultants, Inc. for this project once the contract is awarded. He will be the lead field construction engineer.

His formal resume is presented at the end of this section. The current project plan estimate 400 hours of Mr. Spilman's time devoted to this project.

- **Backup Construction Engineer & Quality Control - Kathleen Spilman, P.E.**

Ms. Spilman has a baccalaureate degree in chemical engineering from the University of North Dakota. She also has a Masters in Management degree from the University of Mary in Bismarck. She was recognized by her engineering peers in 1987 being selected as North Dakota's Outstanding Young Engineer.

Ms. Spilman has 25 years of experience in the oil and gas industry, including 17 years working for BP Amoco. Her assignments included Superintendent of Economics, Scheduling & Laboratory at the Mandan, ND refinery responsible for crude oil logistics, production profitability analysis, feedstock selection and product quality for the refinery and upper Midwest product pipeline distribution system. She also conducted feasibility and economic impact analyses for the facility. She prepared and delivered both oral and written testimony to a variety of state and Federal agencies. Among her other assignments, she was an oil movements operations superintendent at North America's fourth largest refinery involving 11 separate pipelines as well as marine, truck and rail operations.

Kathye is a Managing Director of Keitu Engineers & Consultants, Inc and brings her business acumen to the project. She was the project lead for the development of 4 major permit applications; including the ND PSC corridor and route permit applications for the Belle Fouché Alexander Crude Oil Pipeline project. She has decades of experience in project management and regulatory affairs as well as engineering. Most of her current clients are among the oil and gas community. She is frequently contacted by state trade associations and clients to develop comments on their behalf for proposed legislation or regulatory changes. She was appointed by Governor Hoeven to the State's Emergency Planning Committee.

Ms. Spilman's main role will be in contract administration, industry specific functional and conceptual guidance as well as quality control of all deliverables consistent with Keitu's QA plan. She will also serve as backup field construction engineering inspector.

Her formal resume is presented at the end of this section. The current project plan estimates 60 hours of Ms. Spilman's time devoted to this project.

- **Field Survey Lead / Heather Jandt - Specialist (Biology)**

Mrs. Jandt will provide biological resource and GPS/GIS technical support for the project. Heather has a Bachelors of Science in Biology from Dickinson State University, North Dakota. She has professional experience working with the Medora Ranger District of the Little Missouri National Grasslands, the North Dakota Game and Fish Department and Parks and Recreation.

Heather serves as the lead contacts on projects involving botany, endangered species assessment, GPS data collecting and GIS mapping. Her recent project assignments include lead site investigator for a biological survey conducted in McKenzie County in August of 2007. Mrs. Jandt's responsibilities including directing the survey crew, identifying rare, threatened, endangered, sensitive, candidate, and native plant and wildlife species and their habitat within the survey corridor. Mrs. Jandt was also responsible for the development of the biological survey report and impact assessment. Heather utilized the Trimble GeoXT 2005 series handheld GPS to compile data collection of species communities, location, abundance, species status, and habitat status data. She also prepared the tree and shrub inventory as assisted client staff in developing appropriate mitigation measures.

Heather also served as lead site investigator of areas with continuous erosion and distressed vegetation. The project employed a ground conductivity meter for data collection and a hand held GIS for recording and graphing data. Mrs. Jandt assists in the development of oil spill prevention control and countermeasure (SPCC), facility response plans and Phase I Environmental Site Assessments. She also has experience in graphic layout of recreational and historic markers.

Mrs. Jandt will be assisting Mr. Spilman as primary inspectors for the project with emphasis on life science aspects of the project impacts. Heather is expected to spend approximately 400 hours on this project.

- **Field Survey Backup & GIS / Jaimee Meduna – Specialist (Environmental)**

Ms. Meduna will provide environmental health and GPS/GIS technical support for the project. Jaimee has a Bachelors of Science in Environmental Health from Dickinson State University, North Dakota. She has professional experience working with the Southwest District Health Unit in Dickinson, North Dakota.

Jaimee provides environmental and GIS technical support including preparation of mapping related testimony for ND PSC permit application for the Belle Fourche Alexander Crude Oil Pipeline in 2007. She serves as lead contact compiling air emission inventory reports using EPA's AP-42 factors. Jaimee also prepares and submits on behalf of clients their annual EPCRA hazardous material inventory data and report submission using RMP*Submit software. Performed radius of exposure (ROE) impact predictions using US EPA Aloha air model in support of development of hydrogen sulfide mitigation plans. Jaimee also works on other projects predominately environmental science in nature, specifically oil spill prevention control and countermeasure (SPCC) plans, Phase I and Phase II reports, environmental planning and reporting. She prepares maps with ArcMap and other ESRI GIS software.

Ms. Meduna will be assisting Mrs. Jandt with checking pipeline alignment, verifying compliance with tree and shrub mitigation and back up as field inspector related to life science issues. Jaimee is scheduled for approximately 150 hours on this project.

VII. Firm Qualifications and Project Experience

Firm Background

Keitu Engineers & Consultants, Inc. (Keitu; pronounced “K-2”) is a North Dakota-based company with engineers, business consultants, biology specialist, and environmental science and health specialist ready to provide immediate and/or supplemental assistance to our clients. Keitu was issued a Certificate of Authorization by the ND Board of Registration for Professional Engineers and Land Surveyors in 2001 and has been listed as in “Good Standing by the ND Secretary of State’s office since that time. The firm is also licensed to practice in South Dakota and Montana.

Keitu’s strategy is to provide a full range of engineering, emergency management and regulatory affairs services regionally in the areas of:

- Economic Development
- Utility Economic and Business Continuity Consulting
- Agricultural, Chemical and Energy Process Engineering
- Utility and Energy Engineering
- Environmental Engineering & Services
- Emergency Management
- Industrial Health and Safety Services

Our firm has participated in a range of economic studies, from conducting scoping and preliminary engineering studies for butane isomerization units for the oil industry. We were also approached by two separate trade associations for background on canola and soybean based bio diesel fuel and possible siting of production facilities in North Dakota.

Our firm also provides traditional regulatory affairs, including assisting clients with follow-up activities after OSHA, US DOT, EPA, and ND Department of Health inspections and/or internal corporate audits, hydrocarbon management, waste sampling and analysis; water and wastewater management; stormwater management; and industrial hygiene, environmental management consulting, and safety training. Keitu services include environmental audits and site assessments, including geologic and hydrogeologic analysis; environmental permitting and compliance services; solid waste facility planning and management, litigation support; and asbestos and lead-based paint testing and consulting. Our emergency planning practice will include development of business continuity plans, response plan and risk assessments have been performed for a variety of private and public clients, including electrical utilities, transportation companies, oil producers and manufacturers.

Additional information on our firm can be viewed on our website at www.keitu.com.

Firm Financial Rating

Keitu Engineers & Consultants, Inc. has been in operation since October 2001. We recently expanded to a staff of five full-time employees and two part-time employees. Our total sales revenue for 2007 was approximately \$315,000.

Our Dun and Bradstreet number is 10-692-4231. As of March 28, 2008, Keitu maintained an EE2 D&B rating with a PayDex score of 80.

Firm Experience with Similar Projects

Keitu Engineers & Consultants, Inc. was the lead consulting firm in performing the field environmental surveys and assembling information for submission of a corridor and route permit applications to the ND PSC for a new 32-mile segment of a crude oil pipeline for the Belle Fourche Pipeline Company. This project gave the Keitu Engineers & Consultants, Inc. staff direct exposure to the PSC permitting regulations for crude oil pipelines in North Dakota. The project involved wetlands delineation, soil impacts, obtaining applicable 404 permits from the US Corps of Engineers for water crossing. The Keitu staff also prepared permit applications for section line crossings and county road crossings from the County Engineers office for McKenzie County. Keitu Engineers also prepare and submitted applications for approval for the project from the ND Department of Transportation.

One of the conditions of the US Forest Service project permit required certification of compliance of the pipeline construction by a professional engineering firm licensed in the state for that portion that was installed on Federal land. Keitu representatives observed the pipeline under construction, verified correct inspections were occurring as well as proper recordkeeping, consistent with 49 CFR 195 regulations. Keitu also provided part-time inspection services to assure continued compliance with environmental related conditions of the project permits throughout the entire length of the project.

The Belle Fourche Alexander Crude Oil Line project ran from July 2007 to March 2008.

During his 20-year employment with a large investor owned electrical & natural gas utility, Mr. Spilman had repeated assignments designing and installing transmission and distribution pipelines for natural gas. The transmission pipelines are subject to the same US DOT regulations as the TransCanada Keystone pipeline.

During her 17-year career with Amoco and then BP-Amoco, Ms. Spilman had three assignments involving pipeline design or operation. While the major focus of these assignments were operation of US DOT regulated pipelines, the welding and other mechanical and repair related procedures are consistent with initial construction techniques. A mid career assignment included a 1.5 year period as a refinery representative to coordinate construction of a high pressure de-ethanizer process unit subject to industry specifications of the American Petroleum Institute (API) and the American Mechanical Engineering Association (ASME).

VIII. References

Contact: John Morrison, Fleck, Mather & Strutz, Ltd.
400 East Broadway, Suite 600
Bismarck, ND 58501

Business Phone: (701) 223-6585
Email: jmorrison@flecklaw.com

Mr. Morrison specializes in natural resources law, public utilities law, and corporate and general business law. John represents many oil and gas companies in regards to state and federal administrative matters including, the North Dakota Industrial Commission, the North Dakota Tax Department, the North Dakota Public Service Commission, the Bureau of Land Management, and the Interior Board of Land Appeals. Mr. Morrison worked in conjunction with Keitu for a pipeline operator in the area of facility siting and certification matters.

Contact: Bob Dundas, Environmental Coordinator, True Oil LLC
895 W. River Cross Road
PO Drawer 2360
Casper, WY 82602

Home Phone: (307) 266-0411
Cell Phone: (307) 247-3702
Email: bdundas@truecos.com

Mr. Dundas is responsible for analysis of impacts of company operations on the environment and for the implementation of appropriate environmental management systems and assesses compliance of company operations with environmental regulations and laws. Bob engaged Keitu on behalf of True Oil LLC, to develop a corridor and route permit for the Public Service Commission. Upon completion of the corridor and route permit Keitu conducted a botany and wildlife survey, Army Corps of Engineers 404 permitting for water crossings, tree inventory, and report development. Mr. Dundas assigned Keitu oversight of construction after permits were approved.

Contact: Kim Grotte, Forestry Technician - Minerals, USDA Forest Service
1901 South Main Street
Watford City, ND 58854

Business Phone: (701) 842-2393 ext.12
Email: kgrotte@fs.fed.us

Mr. Grotte worked in alliance with Keitu on the development of permitting a proposed pipeline. Kim was responsible for construction activities that took place on federal land in the North Unit of the Little Missouri National Grasslands.

Contact: Jeff Casey, Environmental Coordinator
CHS Pipeline, Inc.
803 Highway 212 South
PO Box 909
Laurel, MT 59044

Home Phone: (406) 656-4393
Cell Phone: (406) 855-3734
Email: jeff.casey@chsinc.com

Mr. Casey is responsible for analysis of impacts of company operations on the environment and for the implementation of appropriate environmental management systems and assesses compliance of company operations with environmental regulations and laws. Jeff utilized Keitu's services to develop Facility Response Plans for numerous pipeline facilities in North Dakota and Montana. Keitu staffs responsibilities included the development of a spill plan, on-site investigation, and a biological assessment.

Contact: Mark Makelky, Director, ND Pipeline Authority
State Capitol 14th Floor
600 E. Boulevard Ave. Dept. 405
Bismarck, ND 58505-0840

Business Phone: (701) 220-1778
Email: kingswoodconsulting@gmail.com

Mr. Makelky is the Director of the North Dakota Pipeline Authority. Mark works to facilitate the development of pipeline facilities that will support North Dakota energy-related commodities. Mr. Makelky's responsibilities include meeting with agencies to identify where assist can be given in areas of natural gas, crude oil, carbon dioxide, refined products and renewable energy that utilize pipelines for transportation, collecting information to resolve infrastructure problems that obstruct production and transportation of these products, and the development of action plans to assist the needs of companies.

IX. Project Costs and Payment Terms

Keitu will perform the tasks outlined in the RFP PU-06-421 on time and material basis not to exceed the \$100,000 budget. A copy of the Keitu Engineers and Consultants, Inc. Fee Schedule dated March 1, 2008 is enclosed outlining staff costs and equipment rental and travel expense rates. Keitu will honor its March 2008 Fee Schedule for the duration of the project. Published labor rates are discounted by 17% to breakout overhead costs.

Total Estimate Project Cost \$100,000

Direct Costs			\$ 74,100
Labor	Hours	Hourly Rate	Extended Cost
Timothy Spilman	400	\$92.00 X 0.83	\$ 30,500
Kathleen Spilman	60	\$140.00 X 0.83	\$ 7,000
Heather Jandt	400	\$ 78.00 X 0.83	\$ 25,900
Jaimee Meduna	150	\$ 78.00 X 0.83	\$ 9,700
Equipment Rental	various	various – see schedule	\$ 1000
Indirect Costs			\$ 25,900
Mileage @ \$0.505 per mile			\$ 5,500
Lodging			\$ 3,200
Meals			\$ 1,800
Supplies			\$ 400
Overhead @ 17% of Labor Costs			\$ 15,000

If awarded the contract, Keitu will invoice work on a monthly basis with payment terms of net 30 days. Keitu further understands that no payment will be made in advance before performance by the contractor under this contract. It is also understood that no payment will be made until the purchasing agency approves the contract.

No prompt payment discount is proposed for this contract.

X. Conflicts of Interest

Keitu Engineers & Consultants, Inc. is not aware of any conflicts of interest associated with working on this project for the ND Public Service Commission. No employee, their spouses or children are employed by or under contract to the State of North Dakota. Similarly, Keitu Engineers & Consultants, Inc. does not currently have nor expect to have any State employee engaged as a 1099 employee or subcontractor during the period May 2008 to June 2009.

Keitu Engineers & Consultants, Inc. is not aware of any professional conflicts of interest. Keitu Engineers & Consultants, Inc. does not currently have nor ever had a professional contact or relationship with TransCanada Keystone Pipeline, LP or the consultants they engaged for this project.

As an authorized engineering firm in the State of North Dakota, Keitu Engineers & Consultants, Inc. and its employees are bound by the rules of ethics outlined in NDAC Title 28 Rules of Professional Conduct and the Code of Ethics.