

KEYSTONE PIPELINE PROJECT

**DAILY CONSTRUCTION PROGRESS REPORT
US Pipeline Spread 1A**



INFORMATION

Report Number: 68 Work Date: 7/25/2008	Location: Grafton, ND	Contractor: Henkels & McCoy	Project: Keystone Pipeline Project
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SAFETY ASSESSMENT

	Today	To Date		Today	To Date		Today	To Date
Crew Inspections	2	82	Nonconformances	2	21	Open Nonconformances	0	0
Near Hit	0	16	Serious	0	4	Critical	0	1
Minor	4	40	Major	0	2	Vehicle Incident	1	12

ENVIRONMENTAL & REGULATORY COMPLIANCE

	Today	To Date		Today	To Date		Today	To Date
Crew Inspections	11	363	Nonconformances	0	11	Open Nonconformances	0	0
Minor	0	9	Serious	0	0	Major	0	0

WORKING CONDITIONS

Weather Conditions: Sunny and Warm Temperature: 7 A.M. 64 °F 12:00 P.M. 78 °F 5:00 P.M. 85 °F
 ROW Conditions: good Wind: 7 A.M. 5 mph 12:00 P.M. 10 mph 5:00 P.M. 10 mph
 Did ABNORMAL working conditions exist that adversely affected construction progress? Y N (If yes, explain in remarks or document separately and attach)
 Any Crews affected by adverse weather, right-of-way or other working conditions? Y N (If yes, explain in remarks or document separately and attach)

CONSTRUCTION MANAGEMENT MANPOWER

Construction Management	4	Safety & Environmental	5	Visitor / Other	
Inspection	22	Survey/Land Personnel	20	TOTAL	51

CONTRACTOR MANPOWER

Supervision	42	Welders/Helpers	89	Laborers	144
Teamsters	25	Operators	108	TOTAL	408

CONSTRUCTION PROGRESS

Contractor Mainline Construction Operation	Date Started	Pipeline Station No.		Feet		Feet To Finish	% Complete	Days Worked	Avg. Rate (Ft/Day)	Data Complete
		From	To	Today	To Date					
Fences & Utility Location	19-May-08	3706 + 83	3887 + 83	18,100	388,783	297,617	56.64%	55	7,069	
Clearing	21-May-08				419,150	287,250	61.06%	55	7,621	
Top Soil Stripping/Grading	21-May-08	3487 + 87	3598 + 00	13,033	327,235	359,165	47.67%	55	5,950	
Trenching	28-May-08	1658 + 16	1704 + 00	4,584	170,265	516,135	24.81%	48	3,701	
Rock Trench (Blasting)										
Haul & String	5-Jun-08	2218 + 80	2354 + 00	13,520	211,781	474,619	30.85%	40	5,295	
Bend & Setup	16-Jun-08	2089 + 00	2133 + 00	6,400	185,865	500,535	27.08%	31	5,996	
Pipe Laying (Pipe Gang)	5-Jul-08	602 + 00	696 + 00	9,400	87,324	599,076	12.72%	15	5,822	
Line Welding (Firing Line)	5-Jul-08	594 + 00	674 + 00	8,000	84,924	601,476	12.37%	15	5,862	
NDE (UT and/or X-ray)	5-Jul-08	559 + 35	850 + 90	9,155	87,696	618,704	9.86%	15	4,513	
Field Joint Coating	11-Jul-08	889 + 17	994 + 16	10,499	48,173	638,227	7.02%	12	4,014	
Lower-in	21-Jul-08	85 + 52	133 + 79	4,827	13,244	673,166	1.93%	4	3,311	
Backfill	21-Jul-08	57 + 50	111 + 00	5,350	10,965	675,435	1.60%	4	2,741	
Tie-ins	22-Jul-08	1 + 35	85 + 15	8,380	8,380	678,020	1.22%	4	2,095	
Tile Repair										
Rough Cleanup										
Final Cleanup/Restoration										
Revegetation										
Pretest Cleaning/Pigging										
Hydrostatic Testing										
Caliper Pigging										
Pipeline Drying										

Contractor Specialty Construction Operation

Contractor Specialty Construction Operation	Date Started	Quantity	Installed Today	Installed To Date	To Finish	% Complete
Fabricated Assembly (MLV, L/R, Side Tap)		5			5	0%
Bored Crossing (Road/RR/Canal, etc.)	30-May-08	99	1	28	71	28%
Major Stream/River Crossing - Open Cut		14			14	0%
Major Stream/River Crossing - HDD	16-Jul-08	3			3	0%
Wetland Crossing		37557			37557	0%

WELDING DATA

Mainline(ML) Welds Today:	99	To Date:	957	Avg. #/Day	63.8	Mainline UT's Today:	81	To Date:	927
Rejects Today (ML):	13	To Date:	115	Avg. #/Day	7.7	Repairs Today (ML):	9	To Date:	113
Cut-outs Today (ML):	0	To Date:	11	Avg. #/Day	0.7	Repair Rate (ML):	13.1%	To Date:	13.2%
Road Bore Welds Today:	0	To Date:	15	Avg. #/Day		Road Bore X-Rays/AUT Today:		To Date:	
Tie-in Welds Today:	0	To Date:	5	Avg. #/Day	0.3	Tie-in X-Rays/UT Today:	1	To Date:	5
Fab. Welds Today:	1	To Date:	1	Avg. #/Day	0	Fab. X-Rays Today:		To Date:	

ADDITIONAL WELD QUALITY DATA - *NOTE: DATA IS FROM PREVIOUS DAYS WORK*

Item	Today	To Date	Weld Numbers
Mainline Cracks In Welds	0	0	
Mainline Welds Left without 2/3 Weld Fill	6	72	1AMG-0805, 1AMG-0806, 1AMG-0807, 1AMG-0808, 1AMG-0809, 1AMG-0810
Mainline Welds Hot Pass > 10 min to Root	0	0	
ML Welds First Fill Welds >1 hr to First Fill	6	72	1AMG-0805, 1AMG-0806, 1AMG-0807, 1AMG-0808, 1AMG-0809, 1AMG-0810
Cracks In Non-Mainline Welds	0	0	

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WRITTEN COMMENTS FOR THE DAYS ACTIVITIES

RCS Comments: Contractor still installing water and sewer lines, along with hauling pit run and leveling it at the Emerado yard today. Fab weld was on the test header for the pretest of HDD section. Tongue River HDD crew started reaming back with a 26" ream today and went 25 joints for a total of 788'. All welding data adjusted to the proper count off NDE Report for 7-25-08.

Safety Comments: Michael Walker - Bechtel completed two safety inspections on July 25th. The two crews were:

Weldsonic who were running UT work and some hand scans of the welds. The foreman for this crew is Gary Arnold. Bechtel safety observed two individuals working along the ROW without the proper reflective vest attire and one individual was not wearing the proper eye protection. This individual did not have any side shields on his glasses. These were three separate individuals and one incident report was written for non-compliance. Classified as Minor.

End-facing crew was working between 97th and 98th street on ROW. There are four separate crews working in this area. One individual was observed without the required reflective vest and improper clothing attire. Individual also was working as clean up of metal shavings with the shirt sleeves rolled up, exposing the full length of the arm. Procedure requires the individual work shirts to have a sleeve length of 6 inches or 15 cm. Bechtel safety completed a non-compliance report for this evolution. This was classified as Minor.

H&M reported the following:

Individual was grinding and reported getting material into left eye. Reported to foreman and on site medical personnel evaluated and remove material from individuals eye. Individual was returned to full work duty. This was classified as Minor.

84.924 Motor drove over curb stop valve and bent the pipe. This incident occurred at the Emerado yard. The damaged pipe was not leaking water and the pipe was straightened by crew. This was classified as Minor.

There was a change reported to me this morning concerning the report on 7.24.08 Incident originally reported that damage to the Kumatu 400 hoe was a small bottom window of the hoe. The revised report is that there was additional damage to the steering column and pedals of the hoe. This incident was updated and the revised version was distributed to the required personnel.

Environmental Comments: Dennis Markusen (NDPSC 3rd party monitor) had concerns regarding trench dewatering in agricultural fields. He indicated that sediment-laden water was leaking out of a filter bag where the hose enters the bag. I mentioned that the contractor is not required to use filter bags or dewatering structures when pumping trench water in upland locations. Conducted a field review of the contractor's request for EWS (Minor Change #14) of 1686 ft. X 25 ft. on the west side of the ROW. The EWS is to be used for the new HDD pipe section. The proposed EWS is located in an agricultural field, so there are no environmental concerns. Reinstalled survey stakes and flagging along ROW boundary ahead of clearing that have been knocked over by wind, cattle, and farm equipment. Contacted survey party chief about missing lath in woodlot south of CR 34 and additional survey stakes that are not visible in many wetlands south of Highway 2. The chief inspector has also been notified of the needed maintenance on the ROW staking ahead of the clearing crews to ensure all work stays within approved limits. Installed wetland, waterbody, no refuel, and access road signs south of Highway 2 and along 124th street. Posted signs notifying the contractor of the USFWS wetland areas. Adjusted USFWS signs according to id information acquired from Paul Halock during yesterday's meeting.

Production:

Locate/Pot-Hole: Continued line locate today.

Fence/Clear: Cleaning up brush piles and widening Shelterbelts.

Topsoli/Grade: Contractor has 3 crews working in different areas grading, hauling rocks, building access pads, and building bridges. Footage shown is the combined footage.

Environmental Craft:

Trenching: Contractor continued trenching between 79th Road and 78th Road. Contractor encountered rocky trench in various locations. Contractor also moving topsiol this date.

Stringing: Started stringing at 8:50 and stopped at 16:00. Stringing running 2 crews in different locations, footage is the combined footage.

Bend /Setup: Cold bends

Welding: All welding data adjusted to the proper count off NDE Report for 7-25-08. MUT Daily - 49 good - 1 reject 1AMG-0672R.

Coating: Coated 59 welds today.

Lower -In:

SIGNATURE BLOCK

Site Manager: (Print Name)	Bill Laffoon	WORK DATE	25-Jul-08
Site Manager: (Sign Name)		REPORT DATE	26-Jul-08
Date:	26-Jul-08	REPORT NO.	68

KEYSTONE PIPELINE PROJECT

**DAILY CONSTRUCTION PROGRESS REPORT
US Pipeline Spread 2A**



INFORMATION

Report Number: 73 Work Date: 7-25-08	Location: Valley City, ND	Contractor: Michels	Project: Keystone Pipeline Project
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SAFETY ASSESSMENT

	Today	To Date		Today	To Date		Today	To Date
Crew Inspections	10	102	Nonconformances	9	155	Open Nonconformances	0	0
Near Hit	0	35	Serious	2	11	Critical	0	2
Minor	7	75	Major	0	2	Vehicle Incident	0	13

ENVIRONMENTAL & REGULATORY COMPLIANCE

	Today	To Date		Today	To Date		Today	To Date
Crew Inspections	11	570	Nonconformances	0	6	Open Nonconformances	0	0
Minor	0	23	Serious	0	0	Major	0	0

WORKING CONDITIONS

Weather Conditions: Sunny Temperature: 7 A.M. 64 °F 12:00 P.M. 75 °F 5:00 P.M. 84 °F
 ROW Conditions: Dry Wind: 7 A.M. 0 mph 12:00 P.M. 10 mph 5:00 P.M. 10 mph
 Did ABNORMAL working conditions exist that adversely affected construction progress? Y N (If yes, explain in remarks or document separately and attach)
 Any Crews affected by adverse weather, right-of-way or other working conditions? Y N (If yes, explain in remarks or document separately and attach)

CONSTRUCTION MANAGEMENT MANPOWER

Construction Management	4	Safety & Environmental	7	Visitor / Other	0
Inspection	29	Survey/Land Personnel	28	TOTAL	68

CONTRACTOR MANPOWER

Supervision	51	Welders/Helpers	76	Laborers	131	TOTAL	436
Teamsters	40	Operators	125	NDE Techs	13		

CONSTRUCTION PROGRESS

Contractor Mainline Construction Operation	Date Started	Pipeline Station No.		Feet Today	Feet To Date	Feet To Finish	% Complete	Days Worked	Avg. Rate (Ft/Day)	Date Complete
		From	To							
Fences & Utility Location	14-May-08			0	619,435	66,965	90.24%	27	22,942	
Clearing	22-May-08			0	406,662	279,738	59.25%	22	18,485	
Top Soil Stripping/Grading	26-May-08	10430 + 00	10442 + 10	1,210	343,191	343,209	50.00%	50	6,864	
Trenching	20-Jun-08	8300 + 00	8360 + 00	6,000	134,981	551,419	19.67%	29	4,655	
Rock Trench (Blasting)										
Haul & String	04-Jun-08	9581 + 00	9689 + 00	10,800	261,331	425,069	38.07%	28	9,333	
Bend & Setup	05-Jun-08	8750 + 00	8832 + 00	8,200	182,181	504,219	26.54%	41	4,443	
Pipe Laying (Pipe Gang)	14-Jun-08	8694 + 40	8741 + 00	4,660	174,321	512,079	25.40%	34	5,127	
Line Welding (Firing Line)	14-Jun-08	8687 + 20	8741 + 00	5,380	174,321	512,079	25.40%	34	5,127	
NDE (AUT and/or X-ray)	08-Jun-08	8687 + 20	8741 + 00	5,380	174,321	512,079	25.40%	39	4,470	
Field Joint Coating	16-Jun-08	8580 + 00	8643 + 50	6,350	163,331	523,069	23.80%	32	5,104	
Lower-in	21-Jun-08	8204 + 12	8216 + 58	1,246	120,236	566,164	17.52%	26	4,624	
Backfill	24-Jun-08	8144 + 00	8194 + 00	5,000	118,381	568,019	17.25%	26	4,553	
Tie-ins	24-Jun-08	7450 + 00	7490 + 00	4,000	64,614	621,786	9.41%	25	2,585	
Tile Repair										
Rough Cleanup	22-Jul-08	6962 + 00	6999 + 54	3,754	14,394	672,006	2.10%	4	3,599	
Final Cleanup/Restoration	22-Jul-08	6962 + 00	6999 + 54	3,754	14,394	672,006	2.10%	4	3,599	
Revegetation										
Pretest Cleaning/Pigging										
Hydrostatic Testing										
Caliper Pigging										
Pipeline Drying										

Contractor Specialty Construction Operation

Contractor Specialty Construction Operation	Date Started	Quantity	Installed Today	Installed To Date	To Finish	% Complete
Fabricated Assembly (MLV, L/R, Side Tap)		6	0	0	6	0%
Bored Crossing (Road/RR/Canal, etc.)	24-May-08	102	1	39	63	38%
Major Stream/River Crossing - Open Cut		37	0	0	37	0%
Major Stream/River Crossing - HDD		2	0	0	2	0%
Wetland Crossing		107,140	0	3579	103,561	3%

WELDING DATA

NDE

Mainline(ML) Welds Today:	70	To Date:	1,947	Avg. #/Day	57.3	Mainline AUT's Today:	70	To Date:	1,947
Rejects Today (ML):	8	To Date:	181	Avg. #/Day	5.3	Repairs Today (ML):	9	To Date:	147
Cut-outs Today (ML):	0	To Date:	14	Avg. #/Day	0.4	Repair Rate (ML) Today:	11.4%	To Date:	10.0%
Road Bore Welds Today:	1	To Date:	27	Avg. #/Day		Road Bore X-Rays/AUT Today:	1	To Date:	27
Tie-in Welds Today:	14	To Date:	177	Avg. #/Day	7.1	Tie-in X-Rays/AUT Today:	14	To Date:	177
Fab. Welds Today:	0	To Date:	0			Fab. X-Rays Today:	0	To Date:	0

ADDITIONAL WELD QUALITY DATA

Item	Today	To Date	Weld Numbers
Mainline Cracks In Welds	0	2	#0729, #1621 (under investigation for crack like defect at root of weld, possible copper back up ring failure)
ML Welds Left without 2/3 Weld Fill	0	1	#1504
ML Welds Root Bead > 10 min to Hot Pass	0	0	
ML Welds Hot Pass > 1 hr to First Fill	0	0	
Cracks in Non-Mainline Welds	0	2	#1240 & #1247 repair welds, will be cut out 7-23-08 and sent to Bodycoat for analysis

**KEYSTONE PIPELINE
PROJECT**
**DAILY CONSTRUCTION PROGRESS REPORT
US Pipeline Spread 2A**

WRITTEN COMMENTS FOR THE DAYS ACTIVITIES
RCS Comments:

Welds #1240 and #1247 are at the warehouse and will be shipped to Bodycoat for analysis Saturday or Monday.
Michels is right of waying the Sheyenne River reroute south of the Sheyenne River. Anticipated clearing north side of river Saturday July 26, 2008

Safety Comments:

On Friday, July 25, 2008 the spread completed 5 day's with Zero Incidents.
Safety Observations: 9- Non-compliance; 2- Serious 7-Minor

Environmental Comments:
Production:
Locate/Pot-Hole:
Fence/Clear:

Xtream Environmental, Subcontractor crew cut and chipped trees at 56th St. No mowing today. Built gaps (115') 8902+76, (125') 8921+51, (125') 8922+01, (225') 8921+34

Topsoil/Grade:

Move around (UPI#C.47b) (350 Hoe-N451 1 hour) 8310+82 to 9008+57, (D8-P920 1 hour) 9502+07 to 8952+16, (350 Hoe-N486 1 hour) 8845+25 to 8952+16

Environmental Craft:

Environmental Crew #1 - Install silt fence (UPI#A.16a) (148') 10740+00, (140') 10741+12, (98') 10743+62, (185') 10755+00, (222') 10756+10. Hay bales (UPI#A.17a) (2) 8101+60, (2) 10740+00, (2) 10741+12, (3) 10743+63, (2) 10755+00, (2) 10756+10
Environmental Crew #2 - Install silt fence at wetland exclusion zones (UPI#A.16a) (121') 7142+06, (113') 7147+00, (33') 7175+76, (60') 7005+00, (61') 7420+00

Stringing:

Crossed 69th St.

Bending:

Started second bending machine at 10:30 a.m. (97 bends)

Coating:
Trenching:

Remove topsoil for ditch line, additional depth of cover (UPI#B.29a) (400') 8360+00 to 8364+00, (400') 8370+00 to 8374+00) Extra depth for concrete weights, additional depth of cover (UPI#B.29a) (370') 8358+59 to 8362+29, 317') 8371+84 to 8375+01

Lower-In:

Installed test lead wires type "D" 7894+35. Filter bag (UPI#C.49a) (3) 8211+21 to 8214+20, (2) 8162+83 to 8171+70, (4) 8175+08 to 8184+27, Install wetland crossing (UPI#A.4a) (81') 8162+47 to 8163+28, (44') 8175+08 to 8175+52, (113') 8213+42 to 8214+55

Tie-in:

Tie in #1 - Completed 3 welds, accepted by X-ray, from 7450+00 to 7500+00
Tie in #2 - Completed 3 welds, accepted by X-ray at 7894+33
Tie in #3 - Completed 5 welds, 4 accepted by X-ray, 1 rejected from 7202+00 to 7212+00

Backfill:

Installed foam trench breakers (UPI#B.19b) (1) 7425+90, (1) 7429+45, (1) 8186+34, (1) 8189+71

Final Cleanup:

Installed 4 strands barbed wire fence (UPI#C.38a) (115') 6880+59, (300') 6393+50

Road Bores:

Road Bore #2 - Preparing bore at 116th Ave. Excavated bore approach trench, started bore, completed one production weld, accepted by X-ray. Used 400' safety fence
Road Bore #3 - Completed bore at 84th St. (UPI#A.5ai) (69') 10500+15 to 10500+94

Welding / NDE:

Copper shoe malfunction of line up clamp still creates some weld repairs, Serimax is attempting to correct this.

Line Pipe Cut-Outs (Not Related to Welding):
SIGNATURE BLOCK

Site Manager: (Print Name)	Dana Greene	WORK DATE	25-Jul-08
Site Manager: (Sign Name)		REPORT DATE	26-Jul-08
Date:	26-Jul-08	REPORT NO.	73