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August 14, 2012

Mr. Patrick Fahn
North Dakota Public Service Commission
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Bismarck, ND 58505-0480

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VIA ELECTRONIC DELIVERY AND COURIER

Dear Mr. Fahn:

Attached is the July monthly report which summarizes the monthly report submitted to the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA) as required under the Amended Corrective Action Order (CAO) issued on June 23, 2011. As Ms. Sacco requested in her May 17th, 2011 email, we are providing documents that do not require FOIA protection.

If you have any questions regarding the enclosed documents, please contact me.

Sincerely,

Ken Crowl
Manager, US Pipeline Compliance – U.S. Pipeline Operations
TransCanada U.S. Pipelines
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Houston, TX 77002

CPF No. 3-2011-5006H – Keystone Pipeline Corrective Action Order
July 2012 Monthly Report

Executive Summary

In accordance with the Corrective Action Order (CAO) issued by PHMSA on June 3, 2011 and amended on June 28, 2011, TC Oil Pipeline Operations, Inc. (Keystone) submits the following information in a report format.

Additional remediation work identified through the validation process is ongoing at Fixed Speed stations, VFD stations and Delivery Terminals. This work, including submission of the final validation testing report, will be completed no later than September 30, 2011.

Introduction

Keystone oil pipeline system operates from Hardisty, Alberta to delivery terminals in Wood River and Patoka, Illinois and Cushing, Oklahoma. On May 7, 2011, the system experienced a reportable oil release of approximately 400 barrels at the Ludden, ND pump station. On May 29, 2011, a second reportable oil release of approximately 10 barrels occurred at the Severance, KS pump station.

A Corrective Action Order (June 3, 2011) and subsequent Amended Corrective Action Order (June 28, 2011) were issued to TC Oil Pipeline Operations, Inc. A series of Monthly Reports have been submitted beginning in July of 2011 to document TC Oil Pipeline Operations, Inc.'s progress regarding the work undertaken to ensure the reliable operation of the Keystone Pipeline.

The following Monthly Report is submitted per Item 11 of the CAO.

Vibration Remediation Work

As reported in the June 2012 Monthly Report, Remediation Work not completed in Q1 2012, as well as additional work identified through validation testing completed earlier in 2012, is currently ongoing at delivery terminals, fixed speed and VFD stations. This work will be completed no later than September 30, 2012.

The Remediation Work planned for Q1 2012 has been completed to date at the following facilities:

Delivery Terminals	Patoka
	Hartford
VFD Stations	Pierron
	Hartford
	St Paul
	Middletown
	Centralia
	Salisbury
	Tina
	Steele City
	Wilber
	David City
	Stanton
	Hartington
Carpenter	
Fixed Speed Stations	Turney
	Severance
	Seneca
	Freeman
	Roswell
	Ferney
	Ludden
Fort Ransom	

Validation of the effectiveness of the remediation work is ongoing and will be reported in the August 2012 Monthly Report.

Final Vibration Report

Keystone will continue to report on the progress of additional component modifications, testing and evaluation within the Monthly Report format until such time as all modifications and evaluations have been completed. A final Vibration Report encompassing all final vibration related modifications and the results of testing and evaluation will be submitted after the conclusion of this iterative process that will be finished no later than September 30th, 2012.