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Suite 102
St Paul, MN 55102

February 5, 2013

Patrick Fahn
Public Utility Analyst
North Dakota Public Service Commission
600 E. Boulevard Ave., Dept 408
Bismarck, ND 58505-0480



Mr. Fahn,

E3 Environmental, LLC (E3) conducted an on-site inspection of the Hiland Operations 8-inch Natural Gas Liquids Pipeline Project (Project, PU-10-554). Katie Schmidt, E3 Environmental, met with Hiland Partners' representatives Jason Pottridge (Renegade Services) and Jeff Reineking (Hiland Partners) at the Hiland Operations Gas Plant at 9:00 am central standard time on January 25, 2012.

At the time of inspection no concerns or infractions were identified. Inspection notes and photographs are enclosed. E3 plans to conduct a minimum of one additional inspection during the construction phase of this Project.

Please contact me at 651-282-0652 if you have any questions or concerns.

Regards,

A handwritten signature in cursive that reads 'Katie Schmidt'.

Katie Schmidt
E3 Environmental, LLC

North Dakota - Minne:

109 PU-10-554 Filed: 2/6/2013
Inspection notes and photos

Pages: 5

E3 Environmental, LLC

Katie Schmidt

Project Inspection Report

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Project Name: Hiland Operating LLC 8-inch Natural Gas Liquids Pipeline, McKenzie County ND

PSC Case Number: PU-10-554

Inspector: Katie Schmidt, E3 Environmental, LLC

Date: 1/25/2013

Time: 9:00 am

Observations / Corrective Actions:

Schmidt was provided with a project construction schedule update by Jeff Reineking and Jason Pottridge. At the time of inspection the majority of the pipe had been installed to the east of the Yellowstone River with the exception of a couple of the planned HDD of sensitive features and rough terrain. The Yellowstone River bore is scheduled to begin in early March and it is estimated that it will take approximately 1 month to complete. Pipe has been strung for all remaining HDD installations. Active construction was underway to the west of the Yellowstone River. Schmidt noted that road crossing signs were missing at 2 locations west of the Yellowstone River; measures were taken immediately by Pottridge to mobilize resources to re-sign these crossings. Schmidt discussed remaining construction activities and provided a reminder to inspect/install appropriate erosion controls prior to the spring thaw to ensure that all sensitive resources are protected. Schmidt was provided a copy of several project permits prior to conducting this inspection, all project activities appeared to be in compliance with applicable permit conditions.

Photographs:



Photo 1: Looking southwest from 36th ST NW at Project ROW, notice pipe strung in preparation installation via open trench method.

Project Inspection Report



Photo 2: Looking south from Hiland Rail Terminal at pipe strung for Hwy 58 and BNSF Railroad HDD and installation of pipeline into facility.



Photo 3: Looking east at pipe strung for HDD of irrigation channels and existing creek and ditches.

Project Inspection Report



Photo 4: Looking west from 157th Ave. NW at pipe strung for installation up to eastern side of Yellowstone River and tie-in into Yellowstone River HDD.

Project Inspection Report



Photo 5: Looking west from Project ROW just north of 36th Street NW; orange 3 piece flags mark entrance/exit points of planned HDDs to avoid trees, cultural site and protected plant. The majority of this hill will be HDD to avoid the rough terrain including the aforementioned sensitive features. No Trees will be removed during construction.