



871 Jefferson Ave.
Suite 102
St Paul, MN 55102

December 4, 2012

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.

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. To aid in this inspection E3 has requested an electronic copy of the planned Project corridor and route with the location of cultural resources, protected plants, wetlands and waterbodies clearly identified.

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

Regards,

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

Katie Schmidt
E3 Environmental, LLC

Project Inspection Report

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: 11/28/2012

Time: 9:00 am

Observations / Corrective Actions:

Schmidt reviewed the list of project permits with Pottridge and Reineking, they confirmed permits had been obtained and were being kept in the Williston office. Construction is underway starting at the Hiland Operating Plant and is moving in a westward direction with the exception of the Yellowstone River bore for which pipe-stringing and prep work is underway. Schmidt confirmed that field personnel were aware of sensitive features such as the cultural resource sites and protected plant species, project personnel confirmed that construction staking was being conducted to preserve adequate buffers around these features however ROW clearing had not reached any of these areas at the time of inspection. Erosion control devices were observed at proper locations and were in good working order. ROW staking was approximately 90% complete, staking was to permanent easement dimensions thus limiting construction ROW clearing to the maximum extent possible. Topsoiling had been conducted as appropriate. One temporary road crossing sign had been knocked down and is in need of repair; repair was discussed with Hiland representatives and is to be conducted as soon as possible.

Photographs:



Photo 1: Looking west from Hiland Operating Plant at Project ROW, at this location pipe has been placed in the ground however topsoil has not been replaced, also ROW staking is present

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Photo 2: Looking north at ROW from County Rd 16 at 1st drainage way crossing, not presence of silt fence on the north side of the ROW and the orange safety fence to mark the location of other pipelines crossing the construction ROW. The pipe has been placed in the ground at this location.



Photo 3: Looking west at ROW from 157th Ave NW/34th/156th , no clearing conducted but staking complete. Approximate location of identified population of *Townsendia exscapa* is at top of hill in background between transmission pole and shrubs.

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Photo 4: Looking west from 157th Ave NW/34th/156th ; ROW clearing has occurred, no construction, ROW staking present.



Photo 5: Looking west from 158th Ave towards Yellowstone River, ROW staking not present, prep for HDD of river being conducted on East side of road, see Photo 6.

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Photo 6: Looking east from 158th Ave, ROW staking present, pipe stringing almost complete in prep for HDD of Yellowstone River.



Photo 7: Looking west from Hwy 58, RR tracks in foreground, staking present for Project, no clearing has occurred.