



Public Service Commission

State of North Dakota

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September 9, 2015

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Mr. Lawrence Bender
Fredrikson & Byron, P.A.
1133 College Drive, Suite 1000
Bismarck, ND 58501-1215

**RE: Hiland Operating, LLC
Pipeline Case Nos. PU-10-554 and PU-10-555
Construction Inspection Report**

As per the North Dakota Public Service Commission order and Certification Relating to Order Provisions, the Commission retains the right to conduct construction inspections. The North Dakota Public Service Commission retained a third-party vendor to conduct these inspections. Below we provide a weblink to the third-party post construction inspection reports for your review and a link to the Commission's orders in these proceedings. We also list actions recommended in the post construction inspection reports for follow-up by the Company to confirm compliance with the Commission orders.

PU-10-554

On November 2, 2011, the North Dakota Public Service Commission issued an order in this case authorizing the Company to construct a natural gas pipeline in McKenzie County, North Dakota. Subsequent orders were issued on June 27, 2012 and September 5, 2012. The June 27, 2012 order approved a route modification that decreased the length of the pipeline by 1.5 miles to 12.5 miles. The September 5, 2012 order approved the Company's request to increase the diameter of the pipeline from 6 to 8 inches.

As per the post construction inspection report, the Company still needs to provide as-built drawings. (Certification to Order Provision 33).

The construction report can be found at:

<http://www.psc.nd.gov/database/documents/10-0554/119-010.pdf>

The Commission Order, including Certification to Order Provisions, can be found at:

<http://www.psc.nd.gov/database/documents/10-0554/044-010.pdf>

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PU-10-555

On December 30, 2010, the North Dakota Public Service Commission issued an order in this case authorizing the Company to construct a 5.1 mile main line and 1,500-foot lateral line to transport pipeline quality natural gas pipeline in McKenzie County, North Dakota.

As per the post construction inspection report, the following information should be provided:

- Documentation as to whether or not there is a need to comply with the Tree and Shrub Mitigation Specifications as agreed to in Certification to Order Provision 20.
- Provide as-built drawings. (Certification to Order Provision 28)
- Documentation of pressure testing (Finding of Fact 5 and Certification to Order Provision 9)
- Maintenance and monitoring records since final ROW cleanup. (Order Point 2 and Certification to Order Provisions 19 and 23)

The construction report can be found at:

<http://www.psc.nd.gov/database/documents/10-0555/063-010.pdf>

The Commission Order, including the Certification to Order Provisions, can be found at:

<http://www.psc.nd.gov/database/documents/10-0555/036-010.pdf>

Please forward your response to the recommended Company actions, confirming these activities are complete, and describe actions and timelines for activities that are not complete. Please provide this documentation within 30 days.

If you have any questions regarding this letter, please contact me at 701-328-4077.

Best regards,



Patrick Fahn

Director, Compliance and Competitive Markets