HoustonEngineering Inc.
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December 10, 2015

Mr.Julie Prescott
North Dakota Public Services Commission
600 E. Boulevard, Dept. 408
Bismarck, ND 58505-0480

Re: Permit Compliance Inspections for Basin Transload Crude Oil Pipeline
HEi Project Number: 6077-005
Contract No. PU-686-005

Dear Julie,

Please find enclosed one copy of the Final Compliance Inspection Report for the Basin Transload Crude Oil Pipeline project. This represents Houston Engineering's final deliverable associated with Contract No. PU-686-005

Sincerely,

HOUSTON ENGINEERING, INC.

Emmy Baskerville

Cc: Bart Schultz, HEI

FINAL REPORT **December 09, 2015**

Basin Transload, LLC Crude Oil Pipeline, Burke County, ND.
(PSC Case No. PU-12-675)

NDPUC Contract No.: PU-686-005
Prepared By: Houston Engineering, Inc. / Emmy Baskerville, Environmental Scientist and Bart Schultz, Project Manager

Introduction

Houston Engineering, Inc. (HEI) is under contract with the North Dakota Public Services Commission (NDPSC) to complete permit compliance review and inspection of construction activities, as part of the Basin Transload Crude Oil Pipeline in western North Dakota (PU-12-675). HEI was contracted to complete two site visits, one during construction and one after construction and restoration activities had been completed. The initial site visit was scheduled after construction activities were well under way, so we could observe siting and construction methodologies in progress. The final site visit was scheduled after seeding and restoration activities had time to become established. The following report is a summary of the inspection details and our opinion of permit compliance.

Summary of Inspection and Compliance Site Visits

HEI completed site visits on September 3, 2014 and June 8, 2015. See the inspection reports from these inspections, attached. The following is a review of those inspection visits:

September 3, 2014: The focus of this site visit was to assess environmental and siting compliance in terms of avoiding and protecting sensitive areas. HEI observed that the entire pipeline materials were arranged in-place on the ground surface, and avoidance of wetland was noted from this layout. HEI confirmed with the construction managers on-site that directional boring was to take place in those areas where pipeline was to be installed within wetland resources. Additionally, earthen berms, topsoil cuts and bioroll were observed in place for erosion control. No erosion issues were identified.

June 8, 2015: This site visit occurred after construction and restoration activities had been completed. The focus of this site visit was to verify that restoration / reclamation and regrading work had been completed satisfactorily. Surface grades had been returned to the preconstruction conditions. Row crops and grazing activities had resumed. Vegetation in pasture land was established on 40-60 percent of the disturbed areas, however evidence shows that seeding activities were completed throughout the entire area, and the area was in the process of revegetation as planned. No erosion problems were observed.

Conclusion of Compliance:

HEI visited the Basin Transload Project site once during construction and once after restoration activities had been completed. Based on our observations during these site visits, the Basin Transload Project is compliant with the terms of the permit from the North Dakota Public Services Commission. The restoration activities performed at the project site are appropriate for the existing land uses, and was found to be in compliance with the intent of the Certificate of Site Compatibility for Energy Conversion Facility, Certificate Number 145.

INSPECTION REPORTS

PROGRESS REPORT NO. 1 **September 30, 2014**

Basin Transload, LLC Crude Oil Pipeline, Burke County, ND. (PSC Case No. PU-12-675)

Permit Compliance Review

NDPUC Contract No.: PU-686-005

Prepared By: Houston Engineering, Inc. / Emmy Baskerville, Environmental Scientist, Joshua Kadrmas, Environmental Engineer, and Bart Schultz, Project Manager

Executive Summary:

Houston Engineering, Inc. (HEI) are under contract with the North Dakota Public Services Commission (NDPSC) to complete permit compliance review and inspection of construction activities, as part of the Basin Transload Crude Oil Pipeline in western North Dakota (PU-12-675). The following is a report summarizing the first site visit on September 3rd, 2014. One permit compliance site visit has been completed. The focus of the site visit was to assess environmental and siting compliance in terms of avoiding and protecting sensitive areas. The following summarizes the observations:

- Reviewed with construction managers, several wetlands that were to be avoided according to the permit, and one that will require directional boring to avoid wetland impacts. Pipeline corridor is currently laid out on the surface, and the placement indicates wetland avoidance and future directional boring, which is in compliance with the permit.
- The Field Superintendent of TRE Constructors explained that an adjacent resident has placed a mobile home and completed some tree leveling activities adjacent to the right-of-way (ROW) since the ROW purchase activities had been completed. The pipeline has already been laid out to avoid this group of trees, so it appears that the landowner has indeed completed additional tree removal.
- Erosion control was observed to be in place, and consisted of earthen berms, and topsoil cuts to direct runoff to localized discharge points. These points were stabilized with bio roll. Dewatering bags were also on site and had been used to retain sediment during dewatering activities.

Future Activities for the next reporting period:

HEI will coordinate with the contractors to schedule one additional permit compliance site review after construction is complete.

Photos

Photo 1: Pipeline laid out, Pipeline laid out, ready for permanent placement.

Photo 2: Livestock pond to be avoided by directional boring.

Photo 3: Mobile home adjacent to right-of-way. Cleared trees are to the left of the photo.

Photo 4: Remains of trees cleared by adjacent resident.

Photo 5: Wetland avoidance.

Photo 6: Pipeline laid out, ready for permanent placement.

PROGRESS REPORT NO. 2 **July 9, 2015**

Basin Transload, LLC Crude Oil Pipeline, Burke County, ND. (PSC Case No. PU-12-675)

Permit Compliance Review

NDPUC Contract No.: PU-686-005

Reporting Period: September 30th, 2014 - June 8th, 2015

Prepared By: Houston Engineering, Inc. / Joshua Kadrmas, Environmental Engineer, and Bart Schultz, Project Manager

Executive Summary:

Houston Engineering, Inc. (HEI) is under contract with the North Dakota Public Services Commission (NDPSC) to complete permit compliance review and inspection of construction activities, as part of the Basin Transload Crude Oil Pipeline in western North Dakota (PU-12-675). The following is a report summarizing the site visit on June 8, 2015. This was the second and final permit compliance site visit for the project. According to the weekly construction progress reports prepared by Basin Transload, construction was completed in the fall of 2014, therefore, the focus of the site visit was to assess reclamation and restoration activities along the disturbed right-of-way. The following summarizes our observations from the final site compliance inspection.

- Met with Ron Kroshus to review the finished grade and the progress of revegetation over the pipeline route, and including the erosion control measures constructed.
- Surface grades have been returned to preconstruction conditions and the land put back into agricultural production (row crops or grazing). Vegetation in pasture land has been established on 40 to 60 percent of the disturbed area. Please see the attached photos. Evidence indicates that seeding activities have taken place and that the area is in the process revegetating as planned.
- No significant incidents of erosion were observed.

Future Activities and Recommendations:

HEI will prepare a final inspection report that summarizes all findings and recommendations.

Photos

Photo 1: North end of pipeline ROW.

Photo 2: Livestock grazing over existing ROW.

Photo 3: Pipeline ROW in the distance.

Photo 4: Intermittent revegetation.

Photo 5: Intermittent revegetation.

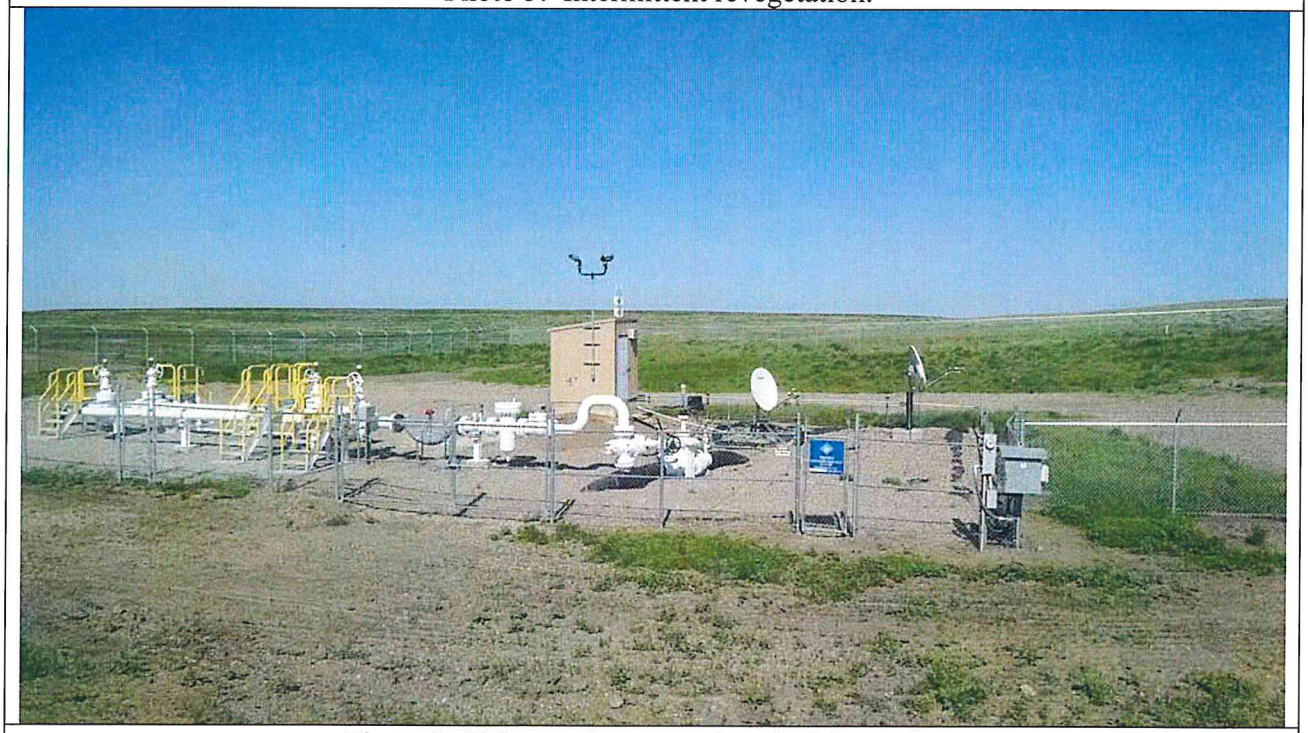

Photo 6: Valve station at south end of the project.