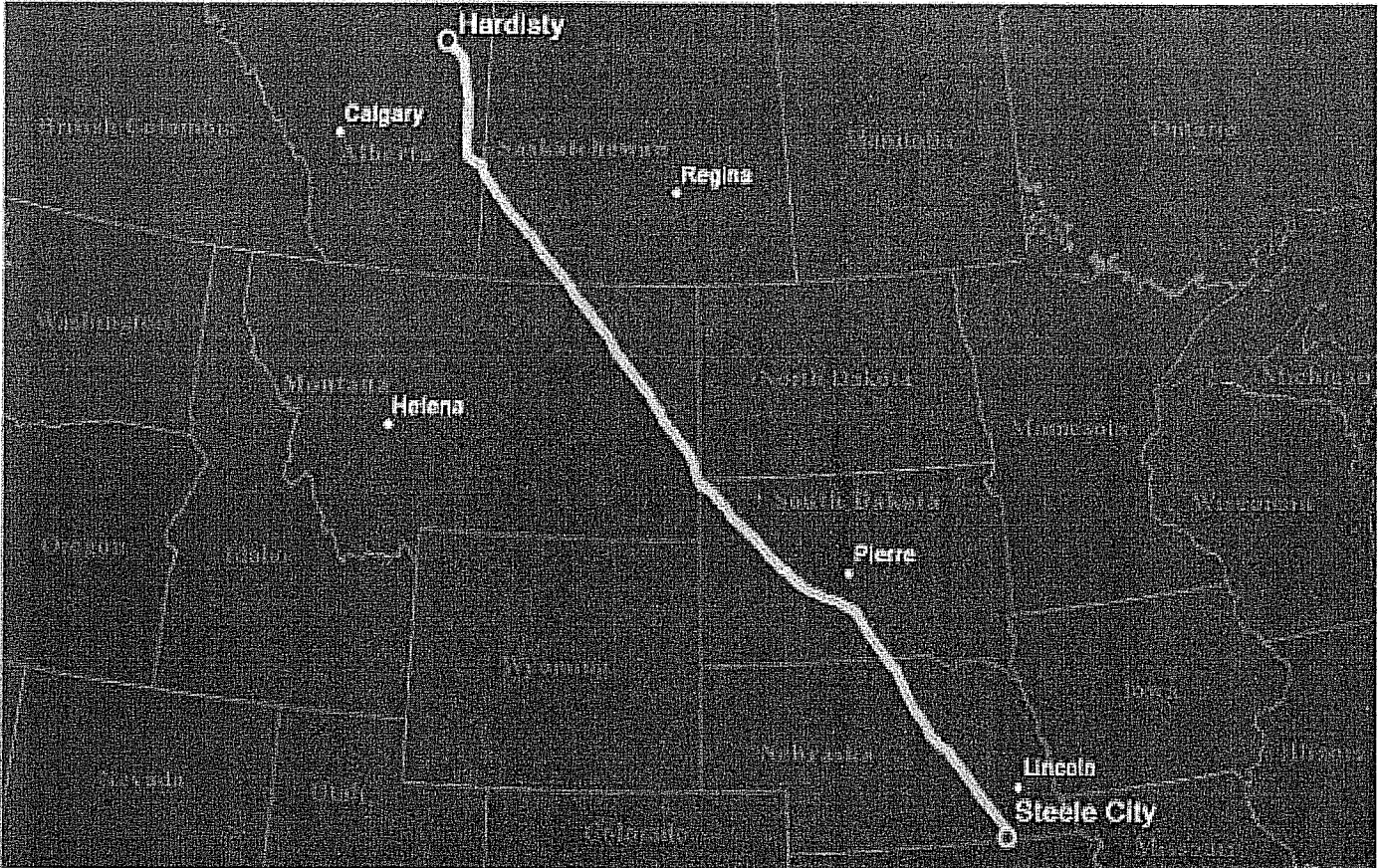


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KEYSTONE XL PIPELINE PROJECT

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION QUARTERLY REPORT

For the Quarter Ending: **December 31, 2010**

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1.0 EXECUTIVE SUMMARY

TransCanada Keystone Pipeline, L.P. proposes to construct and operate a crude oil pipeline and related facilities from Hardisty, Alberta, Canada to Nederland and east Houston areas of Texas in the United States (US). The project, known as the Keystone XL Pipeline Project, will have a nominal capacity to deliver up to 830,000 barrels per day (bpd) of crude oil from an oil supply hub near Hardisty to existing terminals in Nederland and Moore Junction in Houston, Texas. The Steel City segment of the Keystone XL Pipeline Project, also known as the Keystone US – Phase IV Pipeline Project, extends from the Canadian and US border, southeast to Steele City, Nebraska. The Keystone US – Phase IV Pipeline Project is approximately 851 miles of 36 inch diameter pipeline. The Gulf Coast Segment or Keystone US – Phase III Pipeline Project includes the extension of the pipeline from Cushing, Oklahoma, south to Nederland, Texas.

In total, the Project is approximately 1,702 miles of new, 36-inch-diameter pipeline, with about 327 miles in Canada and 1,375 miles in the US. It will interconnect with the northern and southern termini of the previously approved 298-mile-long, 36-inch-diameter Cushing Extension of the Keystone Pipeline Project.

The current construction plan for Keystone US – Phase IV Pipeline Project includes the construction of 13 spreads to be constructed in a consecutive two year period beginning in 2011 and ending in 2012.

The Project plans to commence pipeline construction activities in South Dakota in late 2011. The as-planned 2011 and 2012 construction schedule includes approximately 311 miles of pipeline in the state of South Dakota, crossing Harding, Butte, Perkins, Meade, Pennington, Haakon, Jones, Lyman, and Tripp Counties.

Associated facilities in South Dakota include the construction of seven (7) pump stations located in Harding, Meade, Haakon, Jones, and Tripp Counties. Construction is planned to commence at the pump station sites in late 2011 and to be completed in the fourth quarter of 2012.

2.0 LAND ACQUISITION STATUS (South Dakota)

Pipeline Right-of-Way Acquisition – the pipeline centerline crosses 315 landowners. Keystone has acquired easements from 85.4% of the landowners.

Pump Stations – the Pump Stations will be located in Harding, Meade, Haakon, Jones, and Tripp County, South Dakota. Keystone has reached agreement to purchase all seven (7) Pump Station sites. The Pump Station sites are approximately 10 acres each in size.

Pipe & Contractor Yards – Keystone has leased ten (10) pipe yards and five (5) contractor yards. The leases are for 36 months, commencing on October 10, 2010. The yards are in Harding, Butte, Meade, Haakon, Jones, and Tripp Counties. Each yard is approximately 30 acres in size.

Contractor Housing Camps – Keystone has leased sites at two (2) contractor camp locations. The leases are for 36 months. The camps are planned to be located in Meade and Tripp Counties. The sites are approximately 80 acres each in size.

3.0 NON - ENVIRONMENTAL PERMITTING STATUS (South Dakota)

3.1 County Roads

One hundred (101) crossing permits are to be filed to undercross all County road right-of-ways.

3.2 State Roads

Thirteen (13) crossing permits and 26 temporary approach permits are to be filed with the State of South Dakota Department of Transportation to undercross the State road right-of-ways.

3.3 Railroads

Two (2) crossing easements permits are being negotiated to undercross existing railroad right-of-ways. These railroads crossing are for the State of South Dakota Railroad Company and second for the DM&E Railroad Company.

3.4 Pump Stations

The Special Use Permits required for the two (2) Harding County Pump Stations were approved September 28, 2010. Of the remaining five (5) Pump Stations, three (3) do not requiring a Special Use Permit, and the other two (2) have not yet been received by Keystone.

4.0 ENVIRONMENTAL PERMITTING STATUS (South Dakota)

The Keystone Project will be preparing all required federal and state environmental permits for work in South Dakota in advance of pipeline construction activities. This effort has been initiated and Keystone anticipates submittal of permit applications and receipt of all required environmental permits in the first and second quarter of 2011.

4.1 Federal Permits

The Keystone Project has initiated efforts to obtain the NWP permit from the U.S. Army Corps of Engineers.

4.2 Permit Compliance

Keystone will be implementing the requirements of federal and state permits when the project initiates construction.

Refer to Appendix A for a table of the Summary of Consultations with the South Dakota Department of Environmental and Natural Resources.

5.0 CONSTRUCTION STATUS

No construction activities have taken place, or will take place, in South Dakota until all required permits and regulatory approvals are obtained. Project personnel continue to review the proposed pipeline route to identify any potential construction issues prior to construction.

6.0 ENVIRONMENTAL CONTROL ACTIVITIES

Environmental control activities will be implemented when the project begins construction activities in South Dakota.

7.0 EMERGENCY RESPONSE & INTEGRITY MANAGEMENT PLANS STATUS

7.1 Emergency Response Plan

Development of the TransCanada Keystone US Phase IV Pipeline Project – Emergency Response Plan is ongoing. Progress in the identification of high risk areas and the creation of their subsequent tactical plans is almost complete. This will include the procurement of new emergency response equipment trailers that will be stored in South Dakota.

TransCanada continues to provide various types of Keystone emergency response and pipeline safety awareness-related information through its public awareness program. The program includes regular mailings of brochures and information pamphlets to community members and landowners located within 1,000 feet of the pipe center line. Through participation in the South Dakota Pipeline Association and through direct briefing, Keystone will provide emergency response information and status updates to emergency officials, excavation Contractors, One Call Centers and to public officials in counties crossed by the pipeline or those adjacent to the pipeline.

In response to potential concerns surrounding the *Spill of National Significance* (SONS) that occurred in the Gulf region, Keystone public awareness program representatives have engaged landowners, municipalities and first responders to describe how the Keystone Emergency Response Plan is maintained. In addition, representatives described actions that will be taken by the Keystone emergency response teams in the unlikely event that an incident does occur. This information was provided in addition to the ongoing public awareness program.

Overall, the public awareness program and the information delivered have been well received.

7.2 Integrity Management Plan for High Consequence Areas

Development of the Integrity Management Plan for the high consequence areas is ongoing. Progress in the identification of high consequence areas and the creation of their subsequent tactical plans is almost complete. These tactical plans will be included in the emergency response plan. After further discussions and coordination with PHMSA, a formal submission of the Integrity Management Plan will be made.

8.0 SUMMARY OF OTHER MEASURES TO COMPLY WITH SD PUC CONDITIONS

Refer to Appendix B for the Status of Implementation of South Dakota PUC conditions.

APPENDIX A

Table 1: Consultations with South Dakota Department of Environment and Natural Resources

Date of Contact	Agency / Individual	Purpose of Consultation	Results of Consultation	Follow-up Required
11/8/10	USFWS Charlene Bessken	Discussion of problems with ABB shapefiles provided to USFWS and EntriX. Informed USFWS that revised shapefiles and updated maps will be created and provided to the agency. Also discussed sage grouse leks in Harding county and the current pipeline alignment as well as transmission lines.	Keystone will supply Revised ABB shapefiles and maps were supplied to USFWS for Tripp County, SD. Keystone supplied USFWS updated project alignment and new PS-16 location in Harding County.	NA
11/9/10	USFWS Charlene Bessken	Request for clarification of sage grouse issues associated with power provider submittals associated with the transmission lines to PS-15 and PS-16.	Keystone provided updated and corrected version of the SDGFP sage grouse shapefiles to USFWS for Harding County.	NA
11/17/10	USFWS Charlene Bessken	Discuss data transfer problems from Keystone to USFWS	USFWS cannot access the FTP site due to security programs. Keystone provided the files via CD.	NA
12/17/10	US Bureau of Reclamation Vernon LaFontaine	Conference call to discuss crossing criteria for Reclamation canals.	Clarifications provided by reclamation on several issues. Keystone to provide typical drawings to provide clarification on additional questions.	Keystone to prepare and provide typical drawings in January 2011.

APPENDIX B

Table 2: Status of implementation of South Dakota PUC conditions

NO.	CONDITION	STATUS OF OTHER MEASURES REQUIRED BY CONDITIONS
1	<p>Keystone shall comply with all applicable laws and regulations in its construction and operation of the Project. These laws and regulations include, but are not necessarily limited to: the federal Hazardous Liquid Pipeline Safety Act of 1979 and Pipeline Safety Improvement Act of 2002, as amended by the Pipeline Inspection, Protection, Enforcement, and Safety Act of 2006, and the various other pipeline safety statutes currently codified at 49 U.S.C. § 601 01 et seq. (collectively, the "PSA"); the regulations of the United States Department of Transportation implementing the PSA, particularly 49 C.F.R. Parts 194 and 195; temporary permits for use of public water for construction, testing or drilling purposes, SDCL 46-5-40.1 and ARSD 74:02:01 :32 through 74:02:01 :34.02 and temporary discharges to waters of the state, SDCL 34A-2-36 and ARSD Chapters 74:52:01 through 74:52:11, specifically, ARSD § 74:52:02:46 and the General Permit issued thereunder covering temporary discharges of water from construction dewatering and hydrostatic testing.</p>	<p>Construction of the project has not been initiated. Keystone will comply with all applicable laws and regulations during construction and operation of the Project.</p>
2	<p>Keystone shall obtain and shall thereafter comply with all applicable federal, state and local permits, including but not limited to: Presidential Permit from the United States Department of State, Executive Order 11423 of August 16, 1968 (33 Fed. Reg. 11741) and Executive Order 13337 of April 30, 2004 (69 Fed. Reg. 25229), for the construction, connection, operation, or maintenance, at the border of the United States, of facilities for the exportation or importation of petroleum, petroleum products, coal, or other fuels to or from a foreign country; Clean Water Act § 404 and Rivers and Harbors Act Section 10 Permits; Special Permit if issued by the Pipeline and Hazardous Materials Safety Administration; Temporary Water Use Permit, General Permit for Temporary Discharges and federal, state and local highway and road encroachment permits. Any of such permits not previously filed with the Commission shall be filed with the Commission upon their issuance. To the extent that any condition, requirement or standard of the Presidential Permit, including the Final EIS Recommendations, or any other law, regulation or permit applicable to the portion of the pipeline in this state differs from the requirements of these Conditions, the more stringent shall apply.</p>	<p>Construction of the project has not been initiated. Keystone is in the process of obtaining all applicable permits from Federal, State and Local entities. Upon commencement of construction Keystone will follow all applicable laws and conditions related to said permits.</p>
3	<p>Keystone shall comply with and implement the Recommendations set forth in the Final Environmental Impact Statement when issued by the United States Department of State pursuant to its Amended Department of State Notice of Intent To Prepare an Environmental Impact Statement and To Conduct Scoping Meetings and Notice of Floodplain and Wetland Involvement and To Initiate Consultation Under Section 106 of the National Historic Preservation Act for the</p>	<p>Construction of the project has not been initiated. Keystone will comply with and implement the Recommendations set forth in the Final Environmental Impact Statement when issued by the United States Department of State.</p>

NO.	CONDITION	STATUS OF OTHER MEASURES REQUIRED BY CONDITIONS
	Proposed TransCanada Keystone XL Pipeline; Notice of Intent--Rescheduled Public Scoping Meetings in South Dakota and extension of comment period (FR vol. 74, no. 54, Mar. 23, 2009). The Amended Notice and other Department of State and Project Documents are available on-line at: http://www.keystonepipeline-xl.state.gov/clientsite/keystonexl.nsf?Open .	
4	The permit granted by this Order shall not be transferable without the approval of the Commission pursuant to SDCL 49-418-29.	N/A at this time.
5	Keystone shall undertake and complete all of the actions that it and its affiliated entities committed to undertake and complete in its Application as amended, in its testimony and exhibits received in evidence at the hearing, and in its responses to data requests received in evidence at the hearing	Construction of the project has not been initiated. When construction is initiated, Keystone will undertake the actions committed to during the SDPUC hearings.
6.a	The most recent and accurate depiction of the Project route and facility locations is found on the maps in Exhibit TC-14. The Application indicates in Section 4.2.3 that Keystone will continue to develop route adjustments throughout the pre-construction design phase. These route adjustments will accommodate environmental features identified during surveys, property-specific issues, and civil survey information. The Application states that Keystone will file new aerial route maps that incorporate any such route adjustments prior to construction. Ex TC-1.4.2.3, p. 27.	Keystone will submit new aerial route maps prior to construction.
6.b	Keystone shall notify the Commission and all affected landowners, utilities and local governmental units as soon as practicable if material deviations are proposed to the route.	Keystone will continue to work with all landowners, utilities, local government and other affected parties as the final route is being developed and will notify the Commission and all affected parties of any material deviations to the proposed route.
6.c	Keystone shall notify affected landowners of any change in the route on their land.	This is a continuing occurrence during easement acquisition. Keystone will continue to notify landowners of route changes on their land as well as informing them of associated activities, such as civil and environmental surveys.
6.d	At such time as Keystone has finalized the pre-construction route, Keystone shall file maps with the Commission depicting the final preconstruction route	Construction of the project has not been initiated. Keystone will finalize the route and submit to the Commission new maps prior to construction.
6.e	If material deviations are proposed from the route depicted on Exhibit TC-14 and accordingly approved by this Order, Keystone shall advise the Commission and all affected landowners, utilities and local governmental units prior to implementing such changes and afford the Commission the	Keystone is in the process of finalizing the route and will submit material deviations to the Commission for approval prior to commencement of construction.

NO.	CONDITION	STATUS OF OTHER MEASURES REQUIRED BY CONDITIONS
	opportunity to review and approve such modifications	
6.f	At the conclusion of construction, Keystone shall file detail maps with the Commission depicting the final as-built location of the Project facilities.	Keystone will submit final route maps to the Commission at the conclusion of construction.
7	<p>Keystone shall provide a public liaison officer, approved by the Commission, to facilitate the exchange of information between Keystone, including its contractors, and landowners, local communities and residents and to promptly resolve complaints and problems that may develop for landowners, local communities and residents as a result of the Project. Keystone shall file with the Commission its proposed public liaison officer's credentials for approval by the Commission prior to the commencement of construction. After the public liaison officer has been approved by the Commission, the public liaison officer may not be removed by Keystone without the approval of the Commission. The public liaison officer shall be afforded immediate access to Keystone's on-site project manager, its executive project manager and to contractors' on-site managers and shall be available at all times to the Staff via mobile phone to respond to complaints and concerns communicated to the Staff by concerned landowners and others. Keystone shall also implement and keep an up-dated web site covering the planning and implementation of construction and commencement of operations in this state as an informational medium for the public. As soon as the Keystone's public liaison officer has been appointed and approved, Keystone shall provide contact information for him/her to all landowners crossed by the Project and to law enforcement agencies and local governments in the vicinity of the Project. The public liaison officer's contact information shall be provided to landowners in each subsequent written communication with them. If the Commission determines that the public liaison officer has not been adequately performing the duties set forth for the position in this Order, the Commission may, upon notice to Keystone and the public liaison officer, take action to remove the public liaison officer.</p>	<p>The Commission has approved Sarah Metcalf as the public liaison officer for the Keystone XL project. The liaison can be reached at:</p> <p>Mailing Address:</p> <p>South Dakota Pipeline Liaison Officer 110 3rd Street SW, Ste. # 104 Huron, South Dakota 57350 Phone: (888) 375-1370 Email: SDLiaison@keystone.trow.com</p> <p>Contact information for the South Dakota liaison was sent out in December 2010 to landowners. Notification to law enforcement agencies and local governments in the vicinity of the Project will be completed in 1st quarter 2011 in conjunction with notice required by other conditions for these groups.</p>

NO.	CONDITION	STATUS OF OTHER MEASURES REQUIRED BY CONDITIONS
8	<p>Until construction of the Project, including reclamation, is completed, Keystone shall submit quarterly progress reports to the Commission that summarize the status of land acquisition and route finalization, the status of construction, the status of environmental control activities, including permitting status and Emergency Response Plan and Integrity Management Plan development, the implementation of the other measures required by these conditions, and the overall percent of physical completion of the project and design changes of a substantive nature. Each report shall include a summary of consultations with the South Dakota Department of Environment and Natural Resources and other agencies concerning the issuance of permits. The reports shall list dates, names, and the results of each contact and the company's progress in implementing prescribed construction, land restoration, environmental protection, emergency response and integrity management regulations, plans and standards. The first report shall be due for the period ending June 30, 2010. The reports shall be filed within 31 days after the end of each quarterly period and shall continue until the project is fully operational</p>	<p>Keystone submitted the third quarterly report on October 31, 2010 and will continue to submit quarterly reports until the project is fully operational.</p>
9	<p>Until one year following completion of construction of the Project, including reclamation, Keystone's public liaison officer shall report quarterly to the Commission on the status of the Project from his/her independent vantage point. The report shall detail problems encountered and complaints received. For the period of three years following completion of construction, Keystone's public liaison officer shall report to the Commission annually regarding post-construction landowner and other complaints, the status of road repair and reconstruction and land and crop restoration and any problems or issues occurring during the course of the year</p>	<p>The public liaison officer will comply with this condition and will begin reporting quarterly when pre and active construction activities commence in late 2011.</p>
10	<p>Not later than six months prior to commencement of construction, Keystone shall commence a program of contacts</p>	<p>Keystone is in the process of developing a program of contacts with</p>

NO.	CONDITION	STATUS OF OTHER MEASURES REQUIRED BY CONDITIONS
	with state, county and municipal emergency response, law enforcement and highway, road and other infrastructure management agencies serving the Project area in order to educate such agencies concerning the planned construction schedule and the measures that such agencies should begin taking to prepare for construction impacts and the commencement of project operations.	state, county and municipal emergency and local utility management agencies.
11	Keystone shall conduct a preconstruction conference prior to the commencement of construction to ensure that Keystone fully understands the conditions set forth in this order. At a minimum, the conference shall include a Keystone representative, Keystone's construction supervisor and Staff.	Prior to the start of construction a Keystone representative, Keystone construction supervisor and staff will arrange a preconstruction conference with the Commission to ensure a full understanding of the conditions set forth in this order.
12	Once known, Keystone shall inform the Commission of the date construction will commence, report to the Commission on the date construction is started and keep the Commission updated on construction activities as provided in Condition 8.	Keystone will inform the Commission during the conference meeting and prior to the commencement of construction.
13	Except as otherwise provided in the conditions of this Order and Permit, Keystone shall comply with all mitigation measures set forth in the Construction Mitigation and Reclamation Plan (CMR Plan)	Construction of the project has not been initiated. Keystone will comply with the requirements set forth in the CMR Plan during construction.
13.a	If modifications to the CMR Plan are made by Keystone as it refines its construction plans or are required by the Department of State in its Final EIS Record of Decision or the Presidential Permit, the CMR Plan as so modified shall be filed with the Commission and shall be complied with by Keystone.	Keystone will address this requirement during pre-construction planning efforts.
14	Keystone shall incorporate environmental inspectors into its CMR Plan and obtain follow-up information reports from such inspections upon the completion of each construction spread to help ensure compliance with this Order and Permit and all other applicable permits, laws, and rules	Construction of the project has not been initiated. Keystone will utilize environmental inspectors and comply with this condition during the construction of the project.
15	Prior to construction, Keystone shall, in consultation with area NRCS staff, develop specific construction/reclamation units (Con/Rec Units) that are applicable to particular soil and subsoil classifications, land uses and environmental settings. The Con/Rec Units shall contain information of the sort described in response to Staff Data Request 3-25 found in Exhibit TC-16.	Keystone is coordinating with NRCS in developing Con/Rec Units.
15.a	In the development of the Con/Rec Units in areas where NRCS recommends, Keystone shall conduct analytical soil probing and/or soil boring and analysis in areas of particularly sensitive soils where reclamation potential is low. Records	Keystone will conduct this activity during pre-construction planning activities. Keystone is coordinating with NRCS in developing Con/Rec Units and

NO.	CONDITION	STATUS OF OTHER MEASURES REQUIRED BY CONDITIONS
	regarding this process shall be available to the Commission and to the specific land owner affected by such soils upon request	locations where soils analysis are needed.
15.b	Through development of the Con/Rec Units and consultation with NRCS, Keystone shall identify soils for which alternative handling methods are recommended.	Keystone completed field surveys in the third quarter of 2010 to identify soils with special handling characteristics using criteria developed in consultation with the NRCS. Locations where special soil handling methods are recommended were identified by Keystone and reviewed and approved by the NRCS. These areas will be identified on Keystone's Construction Alignment Drawings.
15.b.1	Keystone shall thoroughly inform the landowner regarding the options applicable to their property, including their respective benefits and negatives, and implement whatever reasonable option for soil handling is selected by the landowner. Records regarding this process shall be available to the Commission upon request.	This is discussed with the landowners and itemized in the "Binding Agreement".
15.c	Keystone shall, in consultation with NCRS, ensure that its construction planning and execution process, including Con/Rec Units, CMR Plan and its other construction documents and planning shall adequately identify and plan for areas susceptible to erosion, areas where sand dunes are present, areas with high concentrations of sodium bentonite, areas with sodic, saline and sodic-saline soils and any other areas with low reclamation potential	Keystone's construction planning and execution process will consist of consultation with the NCRS for identified areas susceptible to erosion, areas where sand dunes are present, areas with high concentration of sodium bentonite, areas with sodic, saline and sodic-saline soils and any other areas with low reclamation potential. The identified areas will be addressed in the CON/REC Units, CMR Plan, and construction alignment sheets.
15.d	The Con/Rec Units shall be available upon request to the Commission and affected landowners. Con/Rec Units may be evaluated by the Commission upon complaint or otherwise, regarding whether proper soil handling, damage mitigation or reclamation procedures are being followed.	Con/Rec Units will be available upon request to the Commission and affected landowners.
15.e	Areas of specific concern or of low reclamation potential shall be recorded in a separate database. Action taken at such locations and the results thereof shall also be recorded and made available to the Commission and the affected property owner upon request.	Areas of specific concern or of low reclamation potential will be recorded in a separate database. Action taken at such locations and the results thereof will be recorded and made available to the Commission and the affected property owner upon request.

NO.	CONDITION	STATUS OF OTHER MEASURES REQUIRED BY CONDITIONS
16	Keystone shall provide each landowner with an explanation regarding trenching and topsoil and subsoil/rock removal, segregation and restoration method options for his/her property consistent with the applicable Con/Rec Unit and shall follow the landowner's selected preference as documented on its written construction agreement with the landowner, as modified by any subsequent amendments, or by other written agreement(s).	This is discussed with the landowners and itemized in the "Binding Agreement".
16.a	Keystone shall separate and segregate topsoil from subsoil in agricultural areas, including grasslands and shelter belts, as provided in the CMR Plan and the applicable Con/Rec Unit.	Keystone will separate and segregate topsoil from subsoil in agricultural areas, including grasslands and shelter belts, as provided in the CMR Plan and the applicable Con/Rec Unit.
16.b	Keystone shall repair any damage to property that results from construction activities	Keystone will address this during construction activities.
16.c	Keystone shall restore all areas disturbed by construction to their preconstruction condition, including their original preconstruction topsoil, vegetation, elevation, and contour, or as close thereto as is feasible, except as is otherwise agreed to by the landowner	Keystone will address this during construction activities and will restore disturbed areas to their preconstruction conditions or otherwise agreed to by the landowner.
16.d	Except where practicably infeasible, final grading and topsoil replacement and installation of permanent erosion control structures shall be completed in non-residential areas within 20 days after backfilling the trench.	Keystone will address this during construction.
16.d.1	In the event that seasonal or other weather conditions, extenuating circumstances, or unforeseen developments beyond Keystone's control prevent compliance with this time frame, temporary erosion controls shall be maintained until conditions allow completion of cleanup and reclamation.	Keystone will address this during construction.
16.d.2	In the event Keystone can not comply with the 20-day time frame as provided in this Condition, it shall give notice of such fact to all affected landowners, and such notice shall include an estimate of when such restoration is expected to be completed.	Keystone will address this during construction.
16.e	Keystone shall draft specific crop monitoring protocols for agricultural lands.	Keystone is in the process of developing specific crop monitoring protocols for agricultural lands. These protocols will be finalized and implemented prior to the start of construction.
16.e.1	If requested by the landowner, Keystone shall provide an independent crop monitor to conduct yield testing and/or such other measurements of productivity as he shall deem appropriate. The independent monitor shall be a qualified agronomist, rangeland specialist or otherwise qualified with respect to the species to be restored. The protocols shall be available to the Commission upon request and may be	Keystone is in the process of developing specific crop monitoring protocols for agricultural lands. These protocols will be finalized and implemented prior to the start of construction. Keystone will provide an independent crop monitor if requested

NO.	CONDITION	STATUS OF OTHER MEASURES REQUIRED BY CONDITIONS
	evaluated for adequacy in response to a complaint or otherwise.	by the landowner.
16.f	Keystone shall work closely with landowners or land management agencies to determine a plan to control noxious weeds. Landowner permission shall be obtained before the application of herbicides	Keystone is in the process of preparing a noxious weed control plan and will provide a draft to the County Weed Boards for review and approval.
16.g	Keystone's adverse weather plan shall apply to improved hay land and pasture lands in addition to crop lands.	Keystone is in the process of developing an adverse weather plan and will include both improved hay lands and pasture lands in addition to crop lands.
16.h	The size, density and distribution of rock within the construction right-of-way following reclamation shall be similar to adjacent undisturbed areas	Keystone will require the Contractor to remove excess rocks so that the size density and distribution of rock within the construction right-of-way is similar to the adjacent undisturbed areas.
16.h.1	Keystone shall treat rock that cannot be backfilled within or below the level of the natural rock profile as construction debris and remove it for disposal offsite except when the landowner agrees to the placement of the rock on his property. In such case, the rock shall be placed in accordance with the landowner's directions.	Keystone will require the Contractor to remove excess rocks so that the size density and distribution of rock within the construction right-of-way is similar to the adjacent undisturbed areas. In the event that the landowner requests the rock, the rock will be placed on the property in accordance with the landowner directions and all Federal and State permits.
16.i	Keystone shall utilize the proposed trench line for its pipe stringing trucks where conditions allow and shall employ adequate measures to de-compact subsoil as provided in its CMR Plan. Topsoil shall be de-compacted if requested by the landowner.	Keystone will utilize the trench line for its pipe stringing trucks when site conditions allow and will employ adequate measures to de-compact subsoil as provided in its CMR Plan and in the specified CON/REC unit.
16.i.1	Topsoil shall be de-compacted if requested by the landowner.	Keystone will employ adequate measures to de-compact subsoil as provided in its CMR Plan and in the specified CON/REC unit.
16.j	Keystone shall monitor and take appropriate mitigative actions as necessary to address salinity issues when dewatering the trench, and field conductivity and/or other appropriate constituent analyses shall be performed prior to disposal of trench water in areas where salinity may be expected.	Keystone will monitor and take appropriate actions as necessary to address salinity issues when dewatering the trench. Field conductivity and/or other appropriate

NO.	CONDITION	STATUS OF OTHER MEASURES REQUIRED BY CONDITIONS
		constituent analyses will be performed prior to disposal of trench water in areas where salinity is expected.
16.j.1	Keystone shall notify landowners prior to any discharge of saline water on their lands or of any spills of hazardous materials on their lands of one pint or more or of any lesser volume which is required by any federal, state, or local law or regulation or product license or label to be reported to a state or federal agency, manufacturer, or manufacturer's representative.	Keystone will notify landowners prior to any discharge of saline water on private lands or of any spills of hazardous materials on private lands of one pint or more or of any lesser volume which is required by any federal, state, or local law or regulation or product license.
16.k	Keystone shall install trench and slope breakers where necessary in accordance with the CMR Plan as augmented by Staff's recommendations in Post Hearing Commission Staff Brief, pp. 26-27	Keystone will install trench and slope breakers where necessary in accordance with the CMR Plan and SDPUC recommendations.
16.l	Keystone shall apply mulch when reasonably requested by landowners and also wherever necessary following seeding to stabilize the soil surface and to reduce wind and water erosion. Keystone shall follow the other recommendations regarding mulch application in Post Hearing Commission Staff Brief, p. 27.	Keystone will apply mulch in accordance with the CMR Plan and the specific CON/REC units to stabilize the soil surface and to reduce wind and water erosion. Keystone will apply mulch at the landowners request when the request is reasonable and in accordance with site reclamation. Keystone will follow the other recommendations regarding mulch application in Post Hearing Commission Staff Brief, p. 27.
16.m	Keystone shall reseed all lands with comparable crops to be approved by landowner in landowner's reasonable discretion, or in pasture, hay or native species areas with comparable grass or forage crop seed or native species mix to be approved by landowner in landowner's reasonable discretion	Keystone is developing seed mixtures in consultation with the NRCS.
16.m.1	Keystone shall actively monitor revegetation on all disturbed areas for at least two years.	Keystone will monitor revegetation on all disturbed areas for at least two years.
16.n	Keystone shall coordinate with landowners regarding his/her desires to properly protect cattle, shall implement such protective measures as are reasonably requested by the landowner and shall adequately compensate the landowner for any loss.	These issues are discussed and agreed upon during the easement acquisition phase.

NO.	CONDITION	STATUS OF OTHER MEASURES REQUIRED BY CONDITIONS
16.o	Prior to commencing construction, Keystone shall file with the Commission a confidential list of property owners crossed by the pipeline and update this list if route changes during construction result in property owner changes	Keystone will submit to the Commission a confidential list of property owners crossed by the pipeline and will update this list if route changes result in property owner changes during construction.
16.p	Except in areas where fire suppression resources as provided in CMR Plan 2.16 are in close proximity, to minimize fire risk, Keystone shall, and shall cause its contractor to, equip each of its vehicles used in pre-construction or construction activities, including off-road vehicles, with a hand held fire extinguisher, portable compact shovel and communication device such as a cell phone, in areas with coverage, or a radio capable of achieving prompt communication with Keystone's fire suppression resources and emergency services	Keystone will address this with Contractor prior to the commencement of construction on the right-of-way. Each vehicle will be equipped with fire extinguisher, portable compact shovel, and proper communications devices.
17	Keystone shall cover open-bodied dump trucks carrying sand or soil while on paved roads and cover open-bodied dump trucks carrying gravel or other materials having the potential to be expelled onto other vehicles or persons while on all public roads.	Keystone will address this with the Contractor. Contractor vehicles carrying sand, soil, or gravel while traveling on paved roads shall be covered to avoid the potential of expelling the material onto other vehicles or persons.
18	Keystone shall use its best efforts to not locate fuel storage facilities within 200 feet of private wells and 400 feet of municipal wells and shall minimize and exercise vigilance in refueling activities in areas within 200 feet of private wells and 400 feet of municipal wells.	Keystone will address this in the pre-construction planning. Fuel storage tanks and refueling activities shall follow the requirements set forth in the CMRP and Spill Prevention and Containment Plan.
19	If trees are to be removed that have commercial or other value to affected landowners, Keystone shall compensate the landowner for the fair market value of the trees to be cleared and/or allow the landowner the right to retain ownership of the felled trees	Keystone will comply with this condition during the easement acquisition process.
19.a	Except as the landowner shall otherwise agree in writing, the width of the clear cuts through any windbreaks and shelterbelts shall be limited to 50 feet or less, and the width of clear cuts through extended lengths of wooded areas shall be limited to 85 feet or less. The environmental inspection in Condition 14 shall include forested lands.	Keystone will comply with this condition prior to or during construction.

NO.	CONDITION	STATUS OF OTHER MEASURES REQUIRED BY CONDITIONS
20.	<p>Keystone shall implement the following sediment control practices:</p> <p>a) Keystone shall use floating sediment curtains to maintain sediments within the construction right of way in open water bodies with no or low flow when the depth of non-flowing water exceeds the height of straw bales or silt fence installation. In such situations the floating sediment curtains shall be installed as a substitute for straw bales or silt fence along the edge or edges of each side of the construction right-of-way that is underwater at a depth greater than the top of a straw bale or silt fence as portrayed in Keystone's construction Detail #11 included in the CMR Plan.</p> <p>b) Keystone shall install sediment barriers in the vicinity of delineated wetlands and water bodies as outlined in the CMR Plan regardless of the presence of flowing or standing water at the time of construction.</p> <p>c) The Applicant should consult with South Dakota Game, Fish and Parks (SDGFP) to avoid construction near water bodies during fish spawning periods in which in-stream construction activities should be avoided to limit impacts on specific fisheries, if any, with commercial or recreational importance.</p>	<p>Keystone will comply with parts (a) and (b) of this condition during construction. Keystone will consult with SDGFP regarding spawning periods. The current 2011 construction schedule will avoid impacts to streams during the spawning season.</p>
21	<p>Keystone shall develop frac-out plans specific to areas in South Dakota where horizontal directional drilling will occur. The plan shall be followed in the event of a frac-out.</p>	<p>Keystone has developed a draft frac-out plan and HDD plan in South Dakota. The plan will be finalized with the input from the Contractor. The plan will be followed in the event of a frac-out.</p>
21.a	<p>If a frac-out event occurs, Keystone shall promptly file a report of the incident with the Commission. Keystone shall also, after execution of the plan, provide a follow-up report to the Commission regarding the results of the occurrence and any lingering concerns. .</p>	<p>Keystone will comply with this section in the event of a frac-out.</p>
22.	<p>Keystone shall comply with the following conditions regarding construction across or near wetlands, water bodies and riparian areas:</p> <p>a) Unless a wetland is actively cultivated or rotated cropland or unless site specific conditions require utilization of Keystone's proposed 85 foot width and the landowner has agreed to such greater width, the width of the construction right-of-way shall be limited to 75 feet in non-cultivated wetlands unless a different width is approved or required by</p>	<p>Keystone will comply with all ROW widths, setbacks, and BMPS as detailed by the Commission. Keystone is identifying the appropriate locations for these conditions at or near wetlands, water bodies and riparian areas during the pre-construction process and will identify the ROW widths, setbacks, and BMPs on the construction drawings.</p>

NO.	CONDITION	STATUS OF OTHER MEASURES REQUIRED BY CONDITIONS
	<p>the United States Army Corps of Engineers.</p> <p>b) Unless a wetland is actively cultivated or rotated cropland, extra work areas shall be located at least 50 feet away from wetland boundaries except where site-specific conditions render a 50-foot setback infeasible. Extra work areas near water bodies shall be located at least 50 feet from the water's edge, except where the adjacent upland consists of actively cultivated or rotated cropland or other disturbed land or where site-specific conditions render a 50-foot setback infeasible. Clearing of vegetation between extra work space areas and the water's edge shall be limited to the construction right-of-way.</p> <p>c) Water body crossing spoil, including upland spoil from crossings of streams up to 30 feet in width, shall be stored in the construction right of way at least 10 feet from the water's edge or in additional extra work areas and only on a temporary basis.</p> <p>d) Temporary in-stream spoil storage in streams greater than 30 feet in width shall only be conducted in conformity with any required federal permit(s) and any applicable federal or state statutes, rules and standards.</p> <p>e) Wetland and water body boundaries and buffers shall be marked and maintained until ground disturbing activities are complete. Keystone shall maintain 15-foot buffers where practicable, which for stream crossings shall be maintained except during the period of trenching, pipe laying and backfilling the crossing point. Buffers shall not be required in the case of non-flowing streams.</p> <p>f) Best management practices shall be implemented to prevent heavily silt-laden trench water from reaching any wetland or water body directly or indirectly.</p> <p>g) Erosion control fabric shall be used on water body banks immediately following final stream bank restoration unless riprap or other bank stabilization methods are utilized in accordance with federal or state permits.</p> <p>h) The use of timber and slash to support equipment crossings of wetlands shall be avoided.</p> <p>i) Subject to Conditions 37 and 38, vegetation restoration and maintenance adjacent to water bodies shall be conducted in such manner to allow a riparian strip at least 25 feet wide as measured from the water body's mean high water mark to</p>	

NO.	CONDITION	STATUS OF OTHER MEASURES REQUIRED BY CONDITIONS
	<p>permanently re-vegetate with native plant species across the entire construction right-of way.</p>	
<p>23.</p>	<p>Keystone shall comply with the following conditions regarding road protection and bonding:</p> <p>a. Keystone shall coordinate road closures with state and local governments and emergency responders and shall acquire all necessary permits authorizing crossing and construction use of county and township roads.</p> <p>b) Keystone shall implement a regular program of road maintenance and repair through the active construction period to keep paved and gravel roads in an acceptable condition for residents and the general public.</p> <p>c) Prior to their use for construction, Keystone shall videotape those portions of all roads which will be utilized by construction equipment or transport vehicles in order to document the pre-construction condition of such roads.</p> <p>d) After construction, Keystone shall repair and restore, or compensate governmental entities for the repair and restoration of, any deterioration caused by construction traffic, such that the roads are returned to at least their preconstruction condition.</p> <p>e) Keystone shall use appropriate preventative measures as needed to prevent damage to paved roads and to remove excess soil or mud from such roadways.</p> <p>f) Pursuant to SDCL 49-418-38, Keystone shall obtain and file for approval by the Commission prior to construction in such year a bond in the amount of \$15.6 million for the year in which construction is to commence and a second bond in the amount of \$15.6 million for the ensuing year, including any additional period until construction and repair has been completed, to ensure that any damage beyond normal wear to public roads, highways, bridges or other related facilities will be adequately restored or compensated. Such bonds shall be issued in favor of, and for the benefit of, all such townships, counties, and other governmental entities whose property is crossed by the Project. Each bond shall remain in effect until released by the Commission, which release shall not be unreasonably denied following completion of the construction and repair period. Either at the contact meetings required by Condition 10 or by mail, Keystone shall give notice of the existence and amount of these bonds to all counties, townships and other governmental entities whose property is crossed by the Project.</p>	<p>During the pre-construction planning period Keystone will develop and implement videotaping of road conditions prior to construction activities. Keystone, Contractor, and County Representatives will be present for evaluation and determination of road conditions.</p> <p>Keystone will notify state and local governments and emergency responders to coordinate and implement road closures. All necessary permits authorizing crossing and construction use of county and township roads will be obtain.</p> <p>Keystone will file the necessary bond prior to construction.</p>

NO.	CONDITION	STATUS OF OTHER MEASURES REQUIRED BY CONDITIONS
24	<p>Although no residential property is expected to be encountered in connection with the Project, in the event that such properties are affected and due to the nature of residential property, Keystone shall implement the following protections in addition to those set forth in its CMR Plan in areas where the Project passes within 500 feet of a residence:</p> <p>a) To the extent feasible, Keystone shall coordinate construction work schedules with affected residential landowners prior to the start of construction in the area of the residences.</p> <p>b) Keystone shall maintain access to all residences at all times, except for periods when it is infeasible to do so or except as otherwise agreed between Keystone and the occupant. Such periods shall be restricted to the minimum duration possible and shall be coordinated with affected residential landowners and occupants, to the extent possible.</p> <p>c) Keystone shall install temporary safety fencing, when reasonably requested by the landowner or occupant, to control access and minimize hazards associated with an open trench and heavy equipment in a residential area.</p> <p>d) Keystone shall notify affected residents in advance of any scheduled disruption of utilities and limit the duration of such disruption.</p> <p>e) Keystone shall repair any damage to property that results from construction activities.</p> <p>f) Keystone shall separate topsoil from subsoil and restore all areas disturbed by construction to at least their preconstruction condition.</p> <p>g) Except where practicably infeasible, final grading and topsoil replacement, installation of permanent erosion control structures and repair of fencing and other structures shall be completed in residential areas within 10 days after backfilling the trench. In the event that seasonal or other weather conditions, extenuating circumstances, or unforeseen developments beyond Keystone's control prevent compliance with this time frame, temporary erosion controls and appropriate mitigative measures shall be maintained until conditions allow completion of cleanup and reclamation</p>	<p>In the event that Keystone constructs within 500 feet of a residence, it will implement these protective measures and those set forth in the CMR Plan.</p>

NO.	CONDITION	STATUS OF OTHER MEASURES REQUIRED BY CONDITIONS
25	Construction must be suspended when weather conditions are such that construction activities will cause irreparable damage, unless adequate protection measures approved by the Commission are taken. At least two months prior to the start of construction in South Dakota, Keystone shall file with the Commission an adverse weather land protection plan containing appropriate adverse weather land protection measures, the conditions in which such measures may be appropriately used, and conditions in which no construction is appropriate, for approval of or modification by the Commission prior to the start of construction. The Commission shall make such plan available to impacted landowners who may provide comment on such plan to the Commission	Keystone is preparing this plan and will submit it to the Commission after the plan has been completed but at least 2 months prior to start of construction in South Dakota.
26	Reclamation and clean-up along the right-of-way must be continuous and coordinated with ongoing construction.	Keystone will implement this requirement during construction of the project.
27	All pre-existing roads and lanes used during construction must be restored to at least their pre-construction condition that will accommodate their previous use, and areas used as temporary roads during construction must be restored to their original condition, except as otherwise requested or agreed to by the landowner or any governmental authority having jurisdiction over such roadway	Keystone is coordinating with county and state road authorities during the pre-construction planning phase. Pre-construction conditions will be documented and pre-existing roads will be restored to pre-construction condition following construction. Keystone will comply with the condition with respect to temporary roads after construction.
28	Keystone shall, prior to any construction, file with the Commission a list identifying private and new access roads that will be used or required during construction and file a description of methods used by Keystone to reclaim those access roads.	The list of private and new access roads that are being planned for use on the Keystone Project is being developed. This list of roads, including the reclamation methods that will be implemented will be provided to the Commission prior to construction.
29	Prior to construction, Keystone shall have in place a winterization plan and shall implement the plan if winter conditions prevent reclamation completion until spring. The plan shall be provided to affected landowners and, upon request, to the Commission.	Keystone will develop and submit to the Commission a winterization plan which addresses these factors.

NO.	CONDITION	STATUS OF OTHER MEASURES REQUIRED BY CONDITIONS
30	Numerous Conditions of this Order, including but not limited to 16, 19, 24, 25, 26, 27 and 51 relate to construction and its effects upon affected landowners and their property. The Applicant may encounter physical conditions along the route during construction which makes compliance with certain of these Conditions infeasible. If, after providing a copy of this order, including the Conditions, to the landowner, the Applicant and landowner agree in writing to modifications of one or more requirements specified in these conditions, such as maximum clearances or right-of-way widths, Keystone may follow the alternative procedures and specifications agreed to between it and the landowner.	Keystone will comply with this condition and through negotiations with the landowner and any such modifications shall be agreed upon in writing.
31	Keystone shall construct and operate the pipeline in the manner described in the application and at the hearing, including in Keystone's exhibits, and in accordance with the conditions of this permit, the PHMSA Special Permit, if issued, and the conditions of this Order and the construction permit granted herein	Keystone will comply with this condition during construction and operation of the pipeline. Keystone has withdrawn its application to PHMSA for a Special Permit, subject to its right to apply for a Special Permit at a later time.
32	Keystone shall require compliance by its shippers with its crude oil specifications in order to minimize the potential for internal corrosion.	Keystone will require compliance by its shippers with its crude oil tariff specifications.
33	Keystone's obligation for reclamation and maintenance of the right-of-way shall continue throughout the life of the pipeline.	Keystone will monitor the right-of-way conditions throughout the life of the pipeline.
33.a	In its surveillance and maintenance activities, Keystone shall, and shall cause its contractor to, equip each of its vehicles, including off-road vehicles, with a hand held fire extinguisher, portable compact shovel and communication device such as a cell phone, in areas with coverage, or a radio capable of achieving prompt communication with emergency services	Keystone will require all Operators to maintain the required equipment in all vehicles on the right-of-way during surveillance and maintenance activities.
34	In accordance with 49 C.F.R. 195, Keystone shall continue to evaluate and perform assessment activities regarding high consequence areas.	Keystone will identify and assess high consequence areas in accordance with 49 C.F.R. 195.
34.a	Prior to Keystone commencing operation, all unusually sensitive areas as defined by 49 CFR 195.6 that may exist, whether currently marked on DOT's HCA maps or not, should be identified and added to the Emergency Response Plan and Integrity Management Plan	Keystone will identify USA's and add them to the Emergency Response Plan and Integrity Management Plan.

NO.	CONDITION	STATUS OF OTHER MEASURES REQUIRED BY CONDITIONS
34.b	In its continuing assessment and evaluation of environmentally sensitive and high consequence areas, Keystone shall seek out and consider local knowledge, including the knowledge of the South Dakota Geological Survey, the Department of Game Fish and Parks and local landowners and governmental officials.	Keystone is currently involved in consultations with South Dakota state agencies, local agencies, and landowners and will continue to request information on environmentally sensitive and high consequence areas as well as concurrence of construction and restoration plans within these areas.
35	The evidence in the record demonstrates that in some reaches of the Project in southern Tripp County, the High Plains Aquifer is present at or very near ground surface and is overlain by highly permeable sands permitting the uninhibited infiltration of contaminants. This aquifer serves as the water source for several domestic farm wells near the pipeline as well as public water supply system wells located at some distance and upgradient from the pipeline route. Keystone shall identify the High Plains Aquifer area in southern Tripp County as a hydrologically sensitive area in its Integrity Management and Emergency Response Plans. Keystone shall similarly treat any other similarly vulnerable and beneficially useful surficial aquifers of which it becomes aware during construction and continuing route evaluation	Keystone will identify the High Plains Aquifer area in southern Tripp County and any other similarly vulnerable and beneficially useful surficial aquifers as a hydrologically sensitive area in its Integrity Management and Emergency Response Plans.
36	Prior to putting the Keystone Pipeline into operation, Keystone shall prepare, file with PHMSA and implement an emergency response plan as required under 49 CFR 194 and a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies as required under 49 CFR 195.402. Keystone shall also prepare and implement a written integrity management program in the manner and at such time as required under 49 CFR 195.452. At such time as Keystone files its Emergency Response Plan and Integrity Management Plan with PHMSA or any other state or federal agency, it shall also file such documents with the Commission. The Commission's confidential filing rules found at ARSD 20:10:01 :41 may be invoked by Keystone with respect to such filings to the same extent as with all other filings at the Commission. If information is filed as "confidential," any person desiring access to such materials or the Staff or the Commission may invoke the procedures of ARSD 20:10:01 :41 through 20: 10:01 :43 to determine whether such information is entitled to confidential treatment and what protective provisions are appropriate for limited release of information found to be entitled to confidential treatment.	Keystone will file its Emergency Response Plan and Integrity Management Plan the Commission upon filing with PHMSA and will invoke that the Commission's confidential filing rules.

NO.	CONDITION	STATUS OF OTHER MEASURES REQUIRED BY CONDITIONS
37	To facilitate periodic pipeline leak surveys during operation of the facilities in wetland areas, a corridor centered on the pipeline and up to 15 feet wide shall be maintained in an herbaceous state. Trees within 15 feet of the pipeline greater than 15 feet in height may be selectively cut and removed from the permanent right-of-way.	Keystone will maintain a corridor centered on the pipeline and up to 15 feet wide in an herbaceous state to facilitate periodic pipeline leak surveys during operation of the facilities in wetland areas.
38	To facilitate periodic pipeline leak surveys in riparian areas, a corridor centered on the pipeline and up to 10 feet wide shall be maintained in an herbaceous state.	Keystone will maintain a corridor centered on the pipeline and up to 10 feet wide in an herbaceous state to facilitate periodic pipeline leak surveys during operation of the facilities in riparian areas.
39	Except to the extent waived by the owner or lessee in writing or to the extent the noise levels already exceed such standard, the noise levels associated with Keystone's pump stations and other noise-producing facilities will not exceed the L 1 0=55dbA standard at the nearest occupied, existing residence, office, hotel/motel or non-industrial business not owned by Keystone. The point of measurement will be within 100 feet of the residence or business in the direction of the pump station or facility. Post-construction operational noise assessments will be completed by an independent third-party noise consultant, approved by the Commission, to show compliance with the noise level at each pump station or other noise-producing facility. The noise assessments will be performed in accordance with applicable American National Standards Institute standards. The results of the assessments will be filed with the Commission. In the event that the noise level exceeds the limit set forth in this condition at any pump station or other noise producing facility, Keystone shall promptly implement noise mitigation measures to bring the facility into compliance with the limits set forth in this condition and shall report to the Commission concerning the measures taken and the results of post-mitigation assessments demonstrating that the noise limits have been met.	Keystone will design pump stations and other noise-producing facilities so that noise will not exceed the L 1 0 = 55dbA standard at the nearest occupied receptor (existing residence, office, hotel/motel or non-industrial business not owned by Keystone). Keystone will utilize a third-party noise consultant, approved by the Commission, to show post-construction compliance with the noise level at each pump station or other noise-producing facility and will file the assessments with the Commission.
40	At the request of any landowner or public water supply system that offers to provide the necessary access to Keystone over his/her property or easement(s) to perform the necessary work, Keystone shall replace at no cost to such landowner or public water supply system, any polyethylene water piping located within 500 feet of the Project with piping that is resistant to permeation by BTEX.	Keystone will replace polyethylene water piping located within 500 feet of the Project with piping that is resistant to permeation by BTEX when requested by the landowner or a public water supply system.
40.a	Keystone shall publish a notice in each newspaper of general circulation in each county through which the Project will be constructed advising landowners and public water supply systems of this condition.	Keystone will publish a notice in each newspaper of general circulation in each county through which the Project will be constructed advising landowners and public water supply systems of condition 40.

NO.	CONDITION	STATUS OF OTHER MEASURES REQUIRED BY CONDITIONS
41	Keystone shall follow all protection and mitigation efforts as identified by the US Fish and Wildlife Service ("USFWS") and SDGFP	Keystone is currently involved in consultation with the USFWS and SDGFP and will follow protection and mitigation efforts identified by the agencies.
41.a	Keystone shall identify all greater prairie chicken and greater sage and sharp-tailed grouse leks within the buffer distances from the construction right of way set forth for the species in the FE IS and Biological Assessment (BA) prepared by DOS and USFWS	Keystone is involved in consultations with SDGFP to identify greater prairie chicken and greater sage and sharp-tailed grouse leks and to develop construction mitigation plans for each species.
41.b	In accordance with commitments in the FEIS and BA, Keystone shall avoid or restrict construction activities as specified by USFWS within such buffer zones between March 1 and June 15 and for other species as specified by USFW Sand SDGFP.	Keystone will address this requirement during pre-construction planning efforts.
42	Keystone shall keep a record of drain tile system information throughout planning and construction, including pre-construction location of drain tiles. location information shall be collected using a sub-meter accuracy global positioning system where available or, where not available by accurately documenting the pipeline station numbers of each exposed drain tile	Keystone will identify and keep a record of drain tile system information throughout planning and construction phases of the project. Keystone will identify the location of said drain tiles during pre-construction activities utilizing a sub-meter accuracy global positioning system.
42.a	Keystone shall maintain the drain tile location information and tile specifications and incorporate it into its Emergency Response and Integrity Management Plans where drains might be expected to serve as contaminant conduits in the event of a release.	Keystone will maintain the drain tile location information and tile specifications and incorporate it into its Emergency Response and Integrity Management Plans where drains might be expected to serve as contaminant conduits in the event of a release.
42.b	If drain tile relocation is necessary, the applicant shall work directly with landowner to determine proper location.	Keystone will work directly with landowner to determine proper location should drain tile relocation be necessary.
42.c	The location of permanent drain tiles shall be noted on as-built maps. Qualified drain tile contractors shall be employed to repair drain tiles.	Keystone will identify the location of permanent drain tiles on as-built maps. Keystone will employ qualified drain tile contractors to repair drain tiles impacted by the project.

NO.	CONDITION	STATUS OF OTHER MEASURES REQUIRED BY CONDITIONS
43	Keystone shall follow the "Unanticipated Discoveries Plan," as reviewed by the State Historical Preservation Office ("SHPO") and approved by the DOS and provide it to the Commission upon request. Ex TC-1.6.4, pp. 94-96; Ex S-3.	Keystone will comply with the "Unanticipated Discoveries Plan," as reviewed by the State Historical Preservation Office ("SHPO") and approved by the DOS and will provide the plan to the Commission upon request.
43.a	If during construction, Keystone or its agents discover what may be an archaeological resource, cultural resource, historical resource or gravesite, Keystone or its contractors or agents shall immediately cease work at that portion of the site and notify the DOS, the affected landowner(s) and the SHPO.	Keystone will comply the "Unanticipated Discoveries Plan" and will immediately cease work at that portion of the site and notify the DOS, the affected landowner(s) and the SHPO of the potential discovery.
43.b	If the DOS and SHPO determine that a significant resource is present, Keystone shall develop a plan that is approved by the DOS and commenting/signatory parties to the Programmatic Agreement to salvage avoid or protect the archaeological resource.	Keystone will develop a treatment plan that is approved by the DOS and commenting/signatory parties to the Programmatic Agreement to salvage, avoid, or protect an archaeological resource that DOS and SHPO determine as significant.
43.c	If such a plan will require a materially different route than that approved by the Commission, Keystone shall obtain Commission and landowner approval for the new route before proceeding with any further construction	Keystone will obtain approval from the Commission and affected landowner(s) for any new route that may be required as a result of unanticipated discoveries prior to further construction.
43.d	Keystone shall be responsible for any costs that the landowner is legally obligated to incur as a consequence of the disturbance of a protected cultural resource as a result of Keystone's construction or maintenance activities.	Keystone will be responsible for costs that the landowner is legally obligated to incur as a consequence of the disturbance of a protected cultural resource as a result of Keystone's construction or maintenance activities.
44.a	Prior to commencing construction, Keystone shall conduct a literature review and records search, and consult with the BLM and Museum of Geology at the S.D. School of Mines and Technology ("SDSMT") to identify known fossil sites along the pipeline route and identify locations of surface exposures of paleontologically sensitive rock formations using the BLM's Potential Fossil Yield Classification system.	Keystone is currently completing consultations with the BLM and Museum of Geology at the S.D. School of Mines and Technology ("SDSMT") to identify known fossil sites along the pipeline route and identify locations of surface exposures of paleontologically sensitive rock formations using the BLM's Potential Fossil Yield Classification system.
44.a.1	Any area where trenching will occur into the Hell Creek Formation shall be considered a high probability area.	Keystone has identified locations along the pipeline route where trenching will occur into the Hell Creek Formation and has identified these locations as areas of high probability to yield fossils.

Keystone XL Pipeline Project

Response to Condition 8 for the
South Dakota Public Utilities Commission



NO.	CONDITION	STATUS OF OTHER MEASURES REQUIRED BY CONDITIONS
44.b	<p>Keystone shall at its expense conduct a pre-construction field survey of each area identified by such review and consultation as a known site or high probability area within the construction ROW. Following BLM guidelines as modified by the provisions of Condition 44, including the use of BLM permitted paleontologists, areas with exposures of high sensitivity (PFYC Class 4) and very high sensitivity (PFYC Class 5) rock formations shall be subject to a 100% pedestrian field survey, while areas with exposures of moderately sensitive rock formations (PFYC Class 3) shall be spot-checked for occurrences of scientifically or economically significant surface fossils and evidence of subsurface fossils. Scientifically or economically significant surface fossils shall be avoided by the Project or mitigated by collecting them if avoidance is not feasible. Following BLM guidelines for the assessment and mitigation of paleontological resources, scientifically significant paleontological resources are defined as rare vertebrate fossils that are identifiable to taxon and element, and common vertebrate fossils that are identifiable to taxon and element and that have scientific research value; and scientifically noteworthy occurrences of invertebrate, plant and trace fossils. Fossil localities are defined as the geographic and stratigraphic locations at which fossils are found</p>	<p>Keystone is currently conducting pre-construction field surveys of each area identified as high probability to yield fossils within the construction ROW. Keystone is conducting pedestrian field surveys of 100% of areas with exposures of high sensitivity (PFYC Class 4) and very high sensitivity (PFYC Class 5) rock formations utilizing the BLM guidelines as modified by the provisions of Condition 44, including the use of BLM permitted paleontologists. Additionally, Keystone is spot-checking areas of moderately sensitive rock formations (PFYC Class 3). Keystone will avoid scientifically or economically significant surface fossils or will mitigate by collecting them if avoidance is not feasible.</p>
44.c	<p>Following the completion of field surveys, Keystone shall prepare and file with the Commission a paleontological resource mitigation plan. The mitigation plan shall specify monitoring locations, and include BLM permitted monitors and proper employee and contractor training to identify any paleontological resources discovered during construction and the procedures to be followed following such discovery. Paleontological monitoring will take place in areas within the construction ROW that are underlain by rock formations with high sensitivity (PFYC Class 4) and very high sensitivity (PFYC Class 5), and in areas underlain by rock formations with moderate sensitivity (PFYC Class 3) where significant fossils were identified during field surveys.</p>	<p>Keystone will prepare and file with the Commission a paleontological resource mitigation plan upon completion of survey.</p>
44.d	<p>If during construction, Keystone or its agents discover what may be a paleontological resource of economic significance, or of scientific significance, as defined in subparagraph (b) above, Keystone or its contractors or agents shall immediately cease work at that portion of the site and, if on private land, notify the affected landowner(s). Upon such a discovery, Keystone's paleontological monitor will evaluate whether the discovery is of economic significance, or of scientific significance as defined in subparagraph (b) above. If an economically or scientifically significant paleontological resource is discovered on state land, Keystone will notify SDSMT and if on federal land, Keystone will notify the BLM or other federal agency. In no case shall Keystone return any excavated fossils to the trench. If a qualified and BLM-</p>	<p>Keystone will comply with this condition during construction.</p>

NO.	CONDITION	STATUS OF OTHER MEASURES REQUIRED BY CONDITIONS
	<p>permitted paleontologist, in consultation with the landowner, BLM, or SDSMT determines that an economically or scientifically significant paleontological resource is present, Keystone shall develop a plan that is reasonably acceptable to the landowner(s), BLM, or SDSMT, as applicable, to accommodate the salvage or avoidance of the paleontological resource to protect or mitigate damage to the resource. The responsibility for conducting such measures and paying the costs associated with such measures, whether on private, state or federal land, shall be borne by Keystone to the same extent that such responsibility and costs would be required to borne by Keystone on BLM managed lands pursuant to BLM regulations and guidelines, including the BLM Guidelines for Assessment and Mitigation of Potential Impacts to Paleontological Resources, except to the extent factually inappropriate to the situation in the case of private land (e.g. museum curation costs would not be paid by Keystone in situations where possession of the recovered fossil(s) was turned over to the landowner as opposed to curation for the public). If such a plan will require a materially different route than that approved by the Commission, Keystone shall obtain Commission approval for the new route before proceeding with any further construction. Keystone shall, upon discovery and salvage of paleontological resources either during pre-construction surveys or construction and monitoring on private land, return any fossils in its possession to the landowner of record of the land on which the fossil is found. If on state land, the fossils and all associated data and documentation will be transferred to the SDSM; if on federal land, to the BLM..</p>	
44.e	<p>To the extent that Keystone or its contractors or agents have control over access to such information, Keystone shall, and shall require its contractors and agents to, treat the locations of sensitive and valuable resources as confidential and limit public access to this information.</p>	<p>Keystone will treat the locations of sensitive and valuable resources as confidential and limit public access to this information.</p>
45	<p>Keystone shall repair or replace all property removed or damaged during all phases of construction and operation of the proposed transmission facility, including but not limited to, all fences, gates and utility, water supply, irrigation or drainage systems.</p>	<p>Keystone will repair or replace all property removed or damaged during all phases of construction and operation of the proposed transmission facility.</p>
45.a	<p>Keystone shall compensate the owners for damages or losses that cannot be fully remedied by repair or replacement, such as lost productivity and crop and livestock losses or loss of value to a paleontological resource damaged by construction or other activities.</p>	<p>Keystone will compensate the owners for damages or losses that result from construction and operation of the proposed transmission facility and cannot be fully remedied by repair or replacement.</p>

NO.	CONDITION	STATUS OF OTHER MEASURES REQUIRED BY CONDITIONS
46	In the event that a person's well is contaminated as a result of construction or pipeline operation, Keystone shall pay all costs associated with finding and providing a permanent water supply that is at least of similar quality and quantity; and any other related damages, including but not limited to any consequences, medical or otherwise, related to water contamination.	Keystone will pay all costs associated with finding and providing a permanent water supply that is at least of similar quality and quantity and any other related damages related to water contamination in the event that a well is contaminated as a result of construction or pipeline operation.
47	Any damage that occurs as a result of soil disturbance on a persons' property shall be paid for by Keystone	Keystone will compensate for damage that occurs as a result of soil disturbance on a persons' property caused by construction and operation of the proposed transmission facility.
48	No person will be held responsible for a pipeline leak that occurs as a result of his/her normal farming practices over the top of or near the pipeline	Keystone will not hold any person responsible for a pipeline leak that occurs as a result of normal farming practices.
49	Keystone shall pay commercially reasonable costs and indemnify and hold the landowner harmless for any loss, damage, claim or action resulting from Keystone's use of the easement, including any resulting from any release of regulated substances or from abandonment of the facility, except to the extent such loss, damage claim or action results from the gross negligence or willful misconduct of the landowner or its agents.	Keystone will pay commercially reasonable costs and indemnify and hold the landowner harmless for any loss, damage, claim or action resulting from Keystone's use of the easement.
50	The Commission's complaint process as set forth in ARSD 20:10:01 shall be available to landowners, other persons sustaining or threatened with damage or the consequences of Keystone's failure to abide by the conditions of this permit or otherwise having standing to obtain enforcement of the conditions of this Order and Permit.	Keystone will comply with the Commission's complaint process as set forth in ARSD 20:10:01.