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August 31, 2010

South Dakota Public Utilities Commission  
Kara Semmler  
500 East Capitol Avenue  
Pierre, SD 57501-5070

Re: Cady Creek dehydrator installation  
Via:E-mail

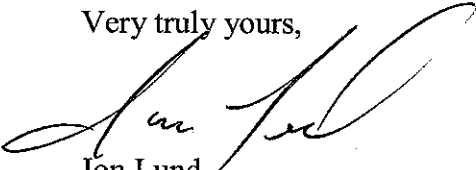
Dear Ms. Semmler :

Monday Bill Fulton and I, principals of South Dakota Natural Gas Company (SDNG), did call you to provide an update on the progress of the dehydrator installation on the Cady Creek line.

The status of the installation as of September 23, 2010 is as follows:

- 1) A used dehydrator was acquired from Cameron in Casper WY and installed/connected at the end of the pipeline classified as transmission line by The SD Public Utilities Commission.
- 2) The dehydrator is filled with glycol and is operational.
- 3) SDNG ordered fencing supplies and arranged for a fencer to install a security fence surrounding the dehydrator and its connection point with WBI. The fencing supplies will be delivered Monday September 27, 2010 and I expect the work on the fence to commence Tuesday, September 28, 2010 and require one day to install.
- 4) I expect pictures from the field by Monday September 27, 2010 and will forward to you and Nathan once I receive.
- 5) Bill or I or both will call in to your Commission meeting September 28, Tuesday to answer any questions the SD Commission may have.

Very truly yours,



Jon Lund

SDNG- Member

Cc:

Nathan D. Solern  
Pipeline Safety Program Manager  
500 East Capitol Avenue  
Pierre, SD 57501-5070

Bill Fulton  
Barry Spector, Attorney at Law