NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 8, 2007

Mr. Tony Finneman
General Manager
Williston Basin Interstate Pipeline Company
1250 West Century Avenue
Bismarck, ND 58503

Dear Mr. Finneman:

On May 14-18, 2007, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 60 of 49 United States Code, inspected your Glendale District in Glendale, Montana.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

1. §192.479 Atmospheric corrosion control: General.
   (a) Each operator must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.
   (b) Coating material must be suitable for the prevention of atmospheric corrosion.

At the time of the inspection, the span across a creek near the Tampico Farm Tap was severely oxidized, and in need of conditioning. Additionally, the exterior condition of pipe-to-soil interfaces on both sides of the creek is unknown, and must be exposed and examined to determine the exterior condition of the pipe.

2. §192.161 Supports and anchors.
   (a) Each pipeline and its associated equipment must have enough anchors or supports to:
(1) Prevent undue strain on connected equipment; and
(2) Resist longitudinal forces caused by a bend or offset in the pipe; and
(3) Prevent or damp out excessive vibration.

At the time of the inspection, three concrete blocks that were installed to support above-ground piping at the Glasgow Town Border Station did not make contact with the pipe.

Proposed Compliance Order

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Williston Basin Interstate Pipeline Company. Please refer to the Proposed Compliance Order that is enclosed and made a part of this Notice.

Response to this Notice

Enclosed as part of this Notice is a document entitled Response Options for Pipeline Operators in Compliance Proceedings. Please refer to this document and note the response options. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

In your correspondence on this matter, please refer to CPF 5-2007-1015 and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

[Signature]

Chris Hoidai
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
    PHP-300 J. Kenesworth (#118923)

Enclosures: Proposed Compliance Order
            Response Options for Pipeline Operators in Compliance Proceedings
PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Williston Basin Interstate Pipeline Company a Compliance Order incorporating the following remedial requirements to ensure the compliance of Williston Basin Interstate Pipeline Company with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to the oxidized span across a creek near the Tampico Farm Tap, Williston Basin Interstate Pipeline Company must complete mitigation of atmospheric corrosion conditions on both sides of the creek to determine the pipe’s exterior condition.

2. In regard to Item Number 2 of the Notice pertaining to above-ground piping, Williston Basin Interstate Pipeline Company must complete the installation of pipe supports to withstand anticipated external pressures and loads that will be imposed on the pipe at Glasgow Town Border Station.

3. Williston Basin Interstate Pipeline Company shall maintain documentation of the safety improvement costs associated with fulfilling this compliance Order and submit the total to Christopher Hoidal, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. Costs shall be reported in two categories: 1) total cost associated with preparation/review of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.