



P.O. Box 64596  
Saint Paul, MN 55164

TOLL-FREE PHONE: 877-796-7846  
WEB: [www.MinnCanProject.com](http://www.MinnCanProject.com)

December 12, 2006

Mr. Michael Sobota  
Community Development Director, Scott County  
200 Fourth Avenue West  
Shakopee, MN 55379

Dear Mr. Sobota:

Thank you for taking the time out of your busy schedule to meet with me and other representatives of the MinnCan pipeline project last Wednesday, December 6. We appreciated the open dialogue and the ability to share information with you and others at the County. In our meeting, the company committed to follow up with you on two concerns raised by Mr. Frechette in a document he filed with the Minnesota Public Utilities Commission. I am happy to provide this response.

First, we discussed the issue of soil excavation and anthrax. As Mr. Duncan stated, the company has engaged in detailed discussions on this issue with the Minnesota Department of Health, Minnesota Board of Animal Health and others knowledgeable in the area. As we discussed, the concerns related to anthrax do not involve human health concerns, but rather involve animal health issues. We also appreciated Mr. Frechette's acknowledgement of the lack of hard information on this issue, with much of the current "knowledge" based on anecdotal evidence and conjecture.

The best knowledge available to date indicates that the pipeline will cross one parcel that had an outbreak somewhere on the property in 1948. There is no indication that this parcel holds burial remains or that the pipeline crosses any such burial area. On the one parcel, the company has talked to the landowners and they do not have any grazing animals on the property.

Based on our investigation of this issue and our discussion with the relevant state agencies, we do not believe that the existence of a past outbreak on one parcel of land presents a health or safety concern. Nonetheless, in the interest of caution, the company has given full consideration to the appropriate steps to take on this issue and agreed to document the company's mitigation plan. The company will provide you a copy of that plan when it is completed.

Second, we discussed the issue of "unusually sensitive areas" ("USAs") as defined by the Code of Federal Regulations ("Code") in 49 C.F.R. 195.6, provided by Mr. Frechette. By way of background, USAs are one type of "High Consequence Area" ("HCA") defined by the Code. In 49 C.F.R. 195.450, an HCA is defined as:

- (1) A commercially navigable waterway, which means a waterway where a substantial likelihood of commercial navigation exists;
- (2) A high population area, which means an urbanized area, as defined and delineated by the Census Bureau, that contains 50,000 or more people and has a population



*of Minnesota Pipe Line Company*

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density of at least 1,000 people per square mile; (3) An other populated area, which means a place, as defined and delineated by the Census Bureau, that contains a concentrated population, such as an incorporated or unincorporated city, town, village, or other designated residential or commercial area; (4) an unusually sensitive area, as defined in Sec. 195.6.

I can assure you that the company gave full consideration to all HCAs identified by the Office of Pipeline Safety in the engineering design and in the consideration of potential routes for the pipeline. I can further assure you that the company fully complies with all applicable safety regulations and is in frequent communication with both the federal Pipeline and Hazardous Materials Safety Administration ("PHMSA"), Office of Pipeline Safety and the Minnesota Office of Pipeline Safety, who exercise jurisdiction over these matters. Finally, as we discussed last week, when a segment of a pipeline could affect an HCA in one area, the practical implication is that the company manages the entire segment of the pipeline as though it involves an HCA. As Larry Van Horn, Vice President of the company, testified in the Glencoe public hearing back in September:

"The Integrity Management Rule adopted by the Office of Pipeline Safety, which is referred to as the High Consequence Area Rule, is a rule that was put into place by the Federal Office of Pipeline Safety to manage the integrity of the pipeline. . . . Koch Pipe Line or the Minnesota Pipe Line Company have identified the segments that could affect the high consequence area and every segment that we operate does have a segment that could affect the high consequence area. Therefore, we manage our pipelines, all of our pipelines, consistent with the Integrity Management Plan -- or Program for high consequence areas."

For purposes of the MinnCan project, the segment of the pipeline beginning at the mid-point pump station and continuing on to the Twin Cities refineries does indeed affect HCAs. Therefore, the entire segment, including the roughly 30 miles in Scott County, will be managed consistent with the requirements for HCAs. Our Integrity Management Plan requires our Integrity and Reliability staff to identify additional mitigative practices that will be employed to further protect HCAs once the pipeline is in operation.

I trust this addresses the concerns raised at our meeting. If we can provide any further information, please do not hesitate to contact me. Again, we appreciated your time and value a constructive relationship with the local governments in which we operate.

Sincerely Yours,

A handwritten signature in black ink that reads "Todd McKimney". The signature is written in a cursive, slightly slanted style.

Todd McKimney  
Project Manager, Minnesota Pipe Line Company

cc: David Unmacht, County Administrator  
Allen Frechette, Environmental Health Manager  
Gary Berg, Planning Manager