



**Information Book for Owners and Tenants of Property Along
the Buffalo Lake Natural Gas Pipeline Route
in Martin County, Minnesota**

Public Utilities Commission Docket No.: PL,P6637/M-07-472

Prepared by



June 2007

**Buffalo Lake Energy Natural Gas Pipeline
Bear Cub Energy, LLC
Information Book for Owners and Tenants of Property**

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Buffalo Lake Energy Natural Gas Pipeline Bear Cub Energy, LLC

INTRODUCTION

This Information Book was prepared by Natural Resource Group, Inc. (NRG) on behalf of Bear Cub Energy, LLC (Bear Cub) for landowners who may be affected by a proposed natural gas pipeline project to be constructed by Bear Cub Energy in Martin County, Minnesota. This Information Book was developed pursuant to the requirements of Minnesota Statutes (Minn. Stat.), Chapter 216G et seq., to provide property owners and tenants with a clear understanding of the proposed Buffalo Lake Energy Natural Gas Pipeline Project. Information presented in this book includes a description of the proposed project facilities and project location, an explanation of right-of-way easement requirements and the easement acquisition process, a description of construction activities and legal and procedural requirements associated with construction of a pipeline, and Bear Cub contact information.

Bear Cub is a corporation established under the laws of Colorado as a natural gas delivery company. Bear Cub contracted with Minnesota Limited, Inc., (Minnesota Limited) to install an approximately 4.5-mile-long natural gas pipeline. The pipeline and associated facilities will be owned by Buffalo Lake Energy, LLC (Buffalo Lake Energy) and operated by Bear Cub. Bear Cub was authorized on behalf of Buffalo Lake Energy to facilitate installation of the pipeline.

A public meeting will be scheduled to provide interested parties with project information and to provide the public with an opportunity to comment on the proposed project. Notice, including the date, time and location of the meeting, will be published in a legal newspaper of Martin County and a newspaper of general circulation in the Fairmont, Minnesota area. Landowners that will be affected by the project will also receive notice of the public meeting by certified U.S. Mail. A Bear Cub Land Agent will contact individual landowners to discuss the project and its right-of-way easement requirements. Bear Cub will not execute easement agreements with landowners until 30 days after the public meeting is held, pursuant to regulatory requirements.

PROJECT DESCRIPTION

Project Need

Installation of the proposed Buffalo Lake Natural Gas Pipeline is necessary to provide a source of natural gas to the Buffalo Lake Energy ethanol plant located in west Fairmont. The ethanol plant has a design capacity of 118 million gallons a year of fuel-grade ethanol. The pipeline will provide the natural gas required to operate the Buffalo Lake Energy ethanol plant and therefore is an essential component to the operations of that facility.

Project Location

Bear Cub proposes to install a natural gas pipeline approximately 4.5-miles in length in Rolling Green Township. The pipeline will begin at the existing Northern Border Pipeline Company meter station located in the Northwest Quarter of Section 5, Township 102 North, Range 31 West, and will proceed in an easterly direction adjacent to and parallel with the southern side of the existing County Road 130 right-of-way, crossing Sections 4, 3, and 2 to its terminus in the Buffalo Lake plant yard, north of the existing Buffalo Lake Energy ethanol plant located in the Northwest Quarter of Section 1. A project location map is included in Appendix A.

Project Facilities

The proposed project includes installation of a six-inch outside diameter, welded steel, fusion bond epoxy coated pipe with a wall thickness of 0.156 inches. The pipeline will be designed and operated at a pressure of 275 pounds per square inch (psi) or less.

The pipeline will be installed with a typical three-foot depth of cover except at the following features where installation depth will be to a minimum 4-1/2 feet (or 54 inches) depth of cover: where the pipeline will cross a county, town or municipal street or highway; where the pipeline will cross cultivated agricultural land; or where the pipeline will cross a drainage ditch right-of-way. Depth of cover requirements may be waived by the landowner, as described on page 5 of this Information Book.

In addition to the pipeline, the project will include installation of two interconnect valves. The valves will be located in accordance with applicable federal and state pipeline regulations. The terminus of the line will be at the property line of Buffalo Lake Energy ethanol plant yard. Cathodic protection system needs are being evaluated and will be installed as necessary to provide anti-corrosion protection. Component placements will be determined upon final configuration of the pipeline and operational needs.

Route Features and Impacts

The project will cross 18 parcels of property consisting of lands used for agricultural and transportation (i.e., county road right-of-way) purposes. The project will not cross any park or recreation areas or rivers, streams or wetlands. Two drainage ditches and two township roads will be crossed by the pipeline route. Based on NRG's review of site files maintained by the Minnesota State Historic Preservation Office and files maintained by the National Register of Historic Places, no previously recorded archaeological features or historic properties are located within the proposed pipeline corridor.

Pipeline Construction Schedule and Sequence

Construction Schedule

Bear Cub is planning to begin construction of its project in August 2007 and place the facilities in-service September 2007. Construction activities across any individual landowner's property, under normal weather conditions, will be expected to last up to several days. Bear Cub will contact landowners prior to the start of construction activities. Once construction begins, the contractor will proceed in a timely, professional manner to complete construction across each landowner's property and reduce inconvenience to the landowner. Cleanup activities will occur on a continuing basis for the duration of the project.

Construction Sequence

Standard pipeline construction is composed of specific activities that make up the linear construction sequence. These operations collectively include survey and staking of the right-of-way; clearing and grading; installation of erosion and sediment control measures; trenching; pipe stringing, bending, and welding; lowering the pipeline into the trench; backfilling the trench and final grade of the construction area; hydrostatic testing; final tie-ins; commissioning; and

removal of temporary erosion and sediment controls and right-of-way cleanup. Typical pipeline construction sequence drawing is included in Appendix B.

Installation of the pipeline at road and drainage ditch crossing will be conducted utilizing either a bore or by use of the horizontal directional drill (HDD) method. Damage, if any, to drainage tiles will be repaired. During construction, temporary gates and fences may be installed at specific locations. After the pipeline is installed, temporary gates and fences will be removed and the affected area restored to its prior condition. Any existing fences or gates that are removed or damaged during project activities will be repaired or replaced, if necessary, after completion of construction.

All reasonable efforts will be made to reduce soil compaction and mixing of topsoil and subsoil. Bear Cub will utilize standardized erosion control and restoration measures to minimize and mitigate potentially adverse environmental effects resulting from right-of-way preparation, construction, operation, and maintenance of the proposed pipeline. Typical erosion control measures will be properly maintained throughout construction and reinstalled as necessary until complete.

Some noise pollution will occur during construction. The noise will be the typical sounds resulting from the use of heavy construction equipment that approximates the decibel level of heavy farm machinery. The construction contractor is anticipated to work a maximum 12 hours per day, 7 a.m. to 7 p.m., 7 days per week.

Operation of Pipeline Facilities

Operational activity associated with the pipeline and aboveground facilities will be limited primarily to maintenance of the right-of-way and facility boundaries. Periodic ground inspections by project personnel will identify soil erosion that may expose the pipe; changes in vegetation that may indicate line compromises; conditions of the vegetative cover and erosion control measures; unauthorized encroachment on the right-of-way, such as building or other substantial structures; and other conditions that could present a safety hazard or require preventative maintenance or repairs. Appropriate responses to conditions observed during inspection will be taken.

EXPLANATION OF RIGHT-OF-WAY REQUIREMENTS, ACQUISITION PROCESS, AND RIGHT AND ALTERNATIVES OF LANDOWNERS

Right-of-Way Requirements

Bear Cub is proposing to acquire a permanent right-of-way 30 feet in width. The easement will be limited to installation of a single pipeline within the permanent right-of-way. For a majority of the route, an additional 20 feet of temporary right-of-way will be utilized to allow for a 50-foot wide construction corridor. The additional temporary right-of-way will be located adjacent to and parallel with the permanent right-of-way for the entire length of the pipeline route.

In addition to the temporary construction right-of-way, additional temporary workspace will be required to facilitate the boring or HDD activities at roadway and drainage ditch crossings. These additional temporary workspace areas will be approximately 40 feet wide by 200 feet long.

Following completion of construction and restoration activities, the temporary construction right-of-way and additional temporary workspace areas will revert to prior land use. Operations personnel will maintain the permanent right-of-way for operation of the pipeline as described above. Property owners and tenants will not be able to construct structures, driveways or plant deep-rooted trees and shrubbery within the 30-foot-wide permanent easement without the prior written approval of Buffalo Lake Energy.

Landowners will be provided with a detailed map depicting the temporary and permanent rights-of-way alignments and additional temporary workspace areas, if any, across their property during right-of-way easement negotiations. A certified as-built drawing depicting the permanent right-of-way will be provided to landowners and attached to individual executed easement agreements prior to the recording of the easement with the County Recorder.

Acquisition Process

A Bear Cub Land Agent will contact individual landowners to schedule a meeting for the purpose of executing a right-of-way easement not sooner than 30 days after the public meeting regarding the project pursuant to Minn. Stat. 216.G05. A land agent may contact landowners prior to that time to discuss the project and right-of-way requirements, and to obtain permission from landowners and tenants, if appropriate, for a survey crew to enter the property to conduct civil survey and staking of the permanent and temporary rights-of-way and additional temporary workspace areas.

Damages

Bear Cub will be responsible for and will compensate landowners, and tenants, for property (e.g., crops, grazing lands, timber, fences, drainage tiles) damages directly caused by pipeline construction and maintenance activities. Compensation to property owners for anticipated construction damages will be determined and paid to the landowner (or tenant) at the time a right-of-way easement is acquired or if preferred by a landowner, upon completion of the project. To the maximum extent practicable, Bear Cub will identify and flag drain tile locations prior to construction to avoid damaging drain tiles. Construction impacts to drain tiles shall be mitigated via repair by Bear Cub's contractor or by a monetary settlement agreeable to both parties.

Bear Cub will attempt to accommodate any special requirements requested by a landowner during construction activities.

Eminent Domain

As Bear Cub Energy, LLC is an independent gas supplier, eminent domain rights will not be utilized for this project installation.

PIPELINE CONSTRUCTION LEGAL REQUIREMENTS

The United States Department of Transportation and the Minnesota Department of Public Safety acting through the Minnesota Office of Pipeline Safety have jurisdiction over transportation of natural gas by pipeline. Federal safety regulations (Title 49 of the Code of Federal Regulations part 192) have been adopted by the State of Minnesota as minimum safety standards for design requirements, construction, hydrostatic testing, and operation and

maintenance. Bear Cub's construction specifications will meet or exceed all of those standards. The Minnesota Office of Pipeline Safety will monitor construction of the pipeline and has an ongoing responsibility for monitoring the pipeline for compliance with applicable safety regulations.

Depth of Burial Requirements

The pipeline will be installed with a typical three feet depth of cover except at the following features where installation depth will be to a minimum 4-1/2 feet (or 54 inches) depth of cover as required by Minn. Stat. 216.G07. The pipeline must be buried with a minimum level cover of not less than 4-1/2 feet in all areas where the pipeline crosses the right-of-way of a county, town or municipal street or highway or where the pipeline crosses cultivated agricultural land. At a pipeline crossing of a drainage ditch, the pipeline must be at least 4-1/2 feet below the authorized depth of the ditch. A landowner may waive the minimum depth cover requirement. The waiver of the minimum depth requirement would be effective only if the waiver:

- is separately and expressly stated in the easement agreement and includes an express statement by the grantor (landowner) acknowledging that the grantor has read and understood the waiver;
- is printed in capital letters in language understandable to an average person not learned in law; and
- is separately signed or initialed by the grantor.

Governmental subdivisions also have the right to waive the minimum depth requirement or to adopt and enforce by ordinance or resolution rules requiring a greater depth of cover for the protection of public road and drainage facilities under their jurisdiction.

The County Board may establish by ordinance reasonable standards and conditions for pipeline construction that are necessary to protect and restore cultivated agricultural land crossed by a pipeline and to mitigate the adverse impact of pipeline construction on the productive use of that land. The standards may include but are not limited to standards and conditions concerning restoration of drainage tile and drainage patterns, soil compaction and removal of rocks and debris after construction.

Limited Liability of Landowners or Lessees

Any owner or lessee of any real property or any person acting with the authority of that owner or lessee who, in the ordinary conduct of agricultural operations upon that property, causes any injury to any underground pipeline, will not be liable for any of the direct or incidental costs of repairing, restoring or replacing the pipeline in the absence of a showing of gross negligence or willful or wanton misconduct. The term "ordinary conduct of agricultural operations" does not include well drilling or other types of excavation. "Ordinary conduct of agricultural operations" does include installation or repair of agricultural drainage tile only if that person gives oral or written notice to the One-Call excavation notice system.

Permit Requirements

Bear Cub will obtain all required permits or consultations from the appropriate state, county or local authorities. The proposed pipeline is designed to operate at a pressure of 275 pounds per square inch or less, therefore a pipeline routing permit from the Minnesota Public Utilities Commission is not required. Pursuant to Minn. Stat. 216.G03, notice of the proposed pipeline construction has been provided to the Public Utilities Commission and the Martin County Board of Commissioners. The following table identifies the permits and approvals Bear Cub has obtained or will obtain to complete the pipeline project.

Agency	Permit or Approval
U.S. Fish and Wildlife Service	Protected Species Consultation
Minnesota Public Utilities Commission	Notice of Pipeline Construction for Which Pipeline Routing Permit not Required
Minnesota Department of Natural Resources	State Protected Species Consultation
Minnesota Pollution Control Agency	NPDES Construction Stormwater Permit
Minnesota Pollution Control Agency	NPDES Construction Hydrostatic Test Water Discharge and Trench Dewatering Permit
Martin County Board of Adjustments	Variance Permit
Martin County Department of Highways	Utility Permit

COUNTY PROCEDURES

Inspection Fee

Minn. Stat. 216.G07, subdivision 6, provides that before beginning construction Bear Cub must pay inspection fee to the County Treasurer of Martin County of \$500 for each mile or fraction of a mile that will be constructed in Martin County. The sum to be paid to Martin County under this formula will be \$2,500.00

County Inspector and Contacting the Inspector in the Event of Noncompliance with Legal Requirements

The Martin County Board will designate an inspector to conduct on-site inspections as needed during project construction efforts to determine whether the pipeline is constructed in compliance with the provisions of Minnesota Statutes section 216.G07 and ordinances or resolutions adopted by the county. If Bear Cub or its contractors fail or refuse to comply with the Minn. Stat. 216.G07 or ordinances or resolutions, the inspector will report to the County Board that failure or refusal and the inspector will issue a written notice to Bear Cub and or its contractors specifying the violation and the action to be taken. The inspector shall maintain a written log including all comments and complaints concerning the pipeline construction. The log will also note any complaints concerning failure to settle claims filed by the landowners.

BEAR CUB ENERGY CONTACT INFORMATION

A Bear Cub Land Agent will be available throughout the duration of the pipeline project to answer questions or discuss any concerns landowners and tenants may have. The agent's contact information will be provided to each landowner and tenant affected by the project. Additionally, to obtain information or discuss concerns regarding property and right-of-way

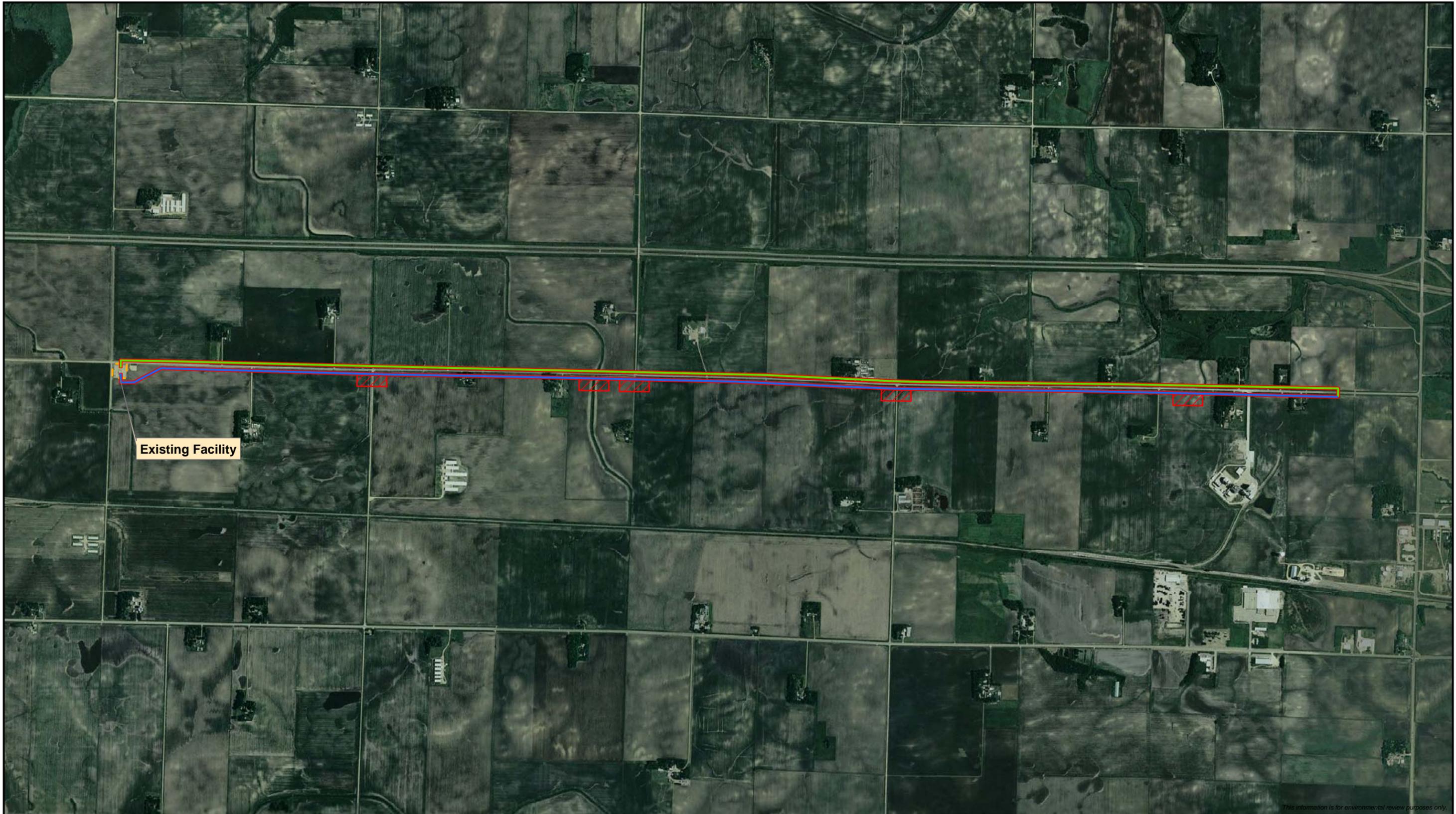
easement acquisition, landowners and tenants are encouraged to contact Kimberly Goldenstein, of NRG at:

Natural Resource Group, Inc.
1515 Arapahoe Street. Tower 1, Suite 580
Denver, Colorado 80202
Direct Line: (720) 956-5314 Email: ksgoldenstein@nrginc.com

**Buffalo Lake Energy Natural Gas Pipeline
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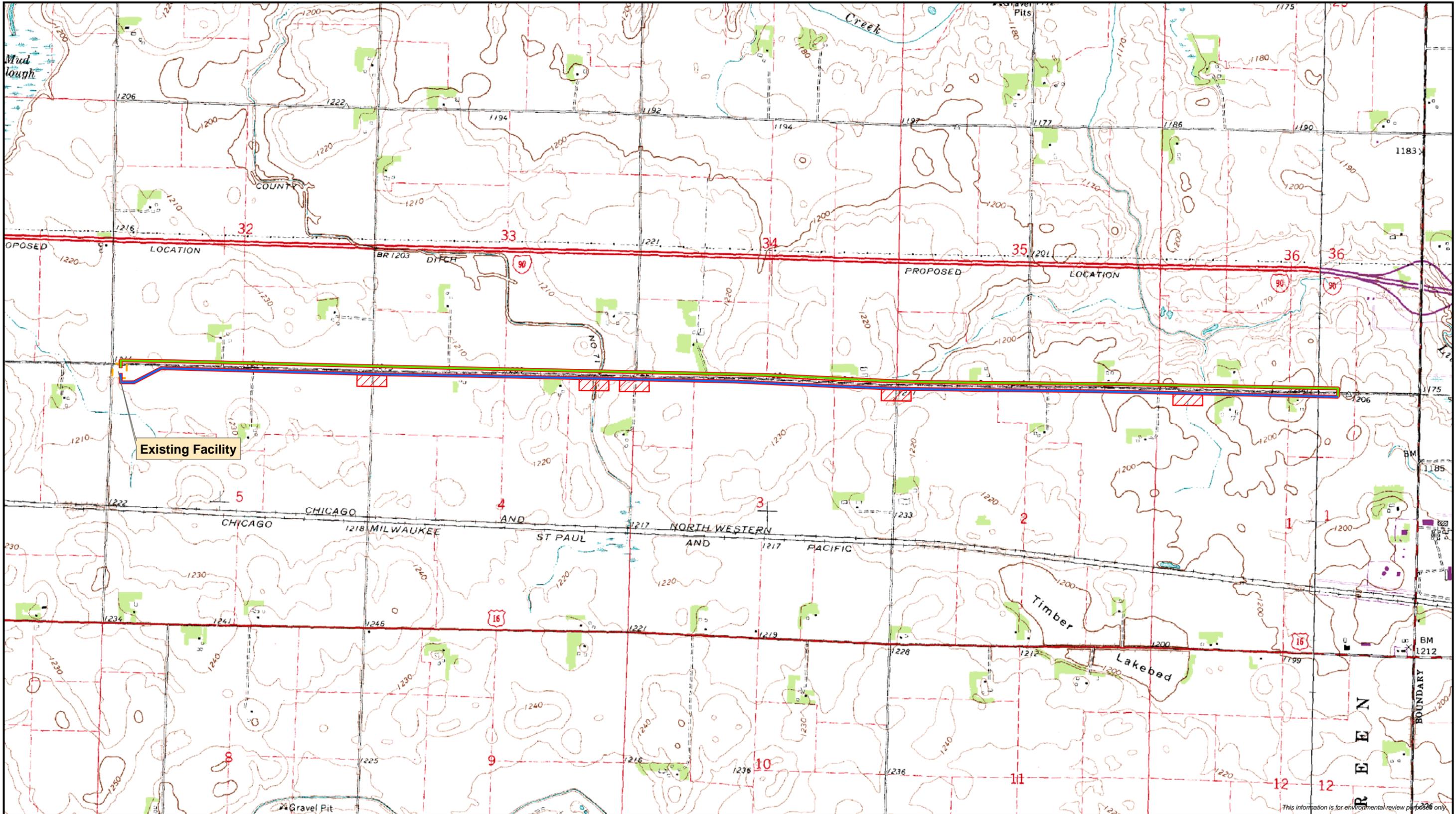
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**APPENDIX A
Project Location Map**



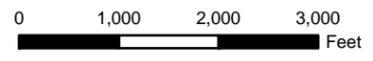
This information is for environmental review purposes only.

<p>— Proposed Route</p> <p>— Alternate Route</p>	<p>⌈ Meter Station</p> <p>▨ Temporary Workspace</p>	<p>0 1,000 2,000 3,000</p> <p>Feet</p>		<p>Bearcub Energy, LLC Buffalo Lake Energy Natural Gas Pipeline</p>	
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This information is for environmental review purposes only.

- Proposed Route
- Alternate Route
- Meter Station
- Temporary Workspace



Bearcub Energy, LLC
Buffalo Lake Energy Natural Gas Pipeline

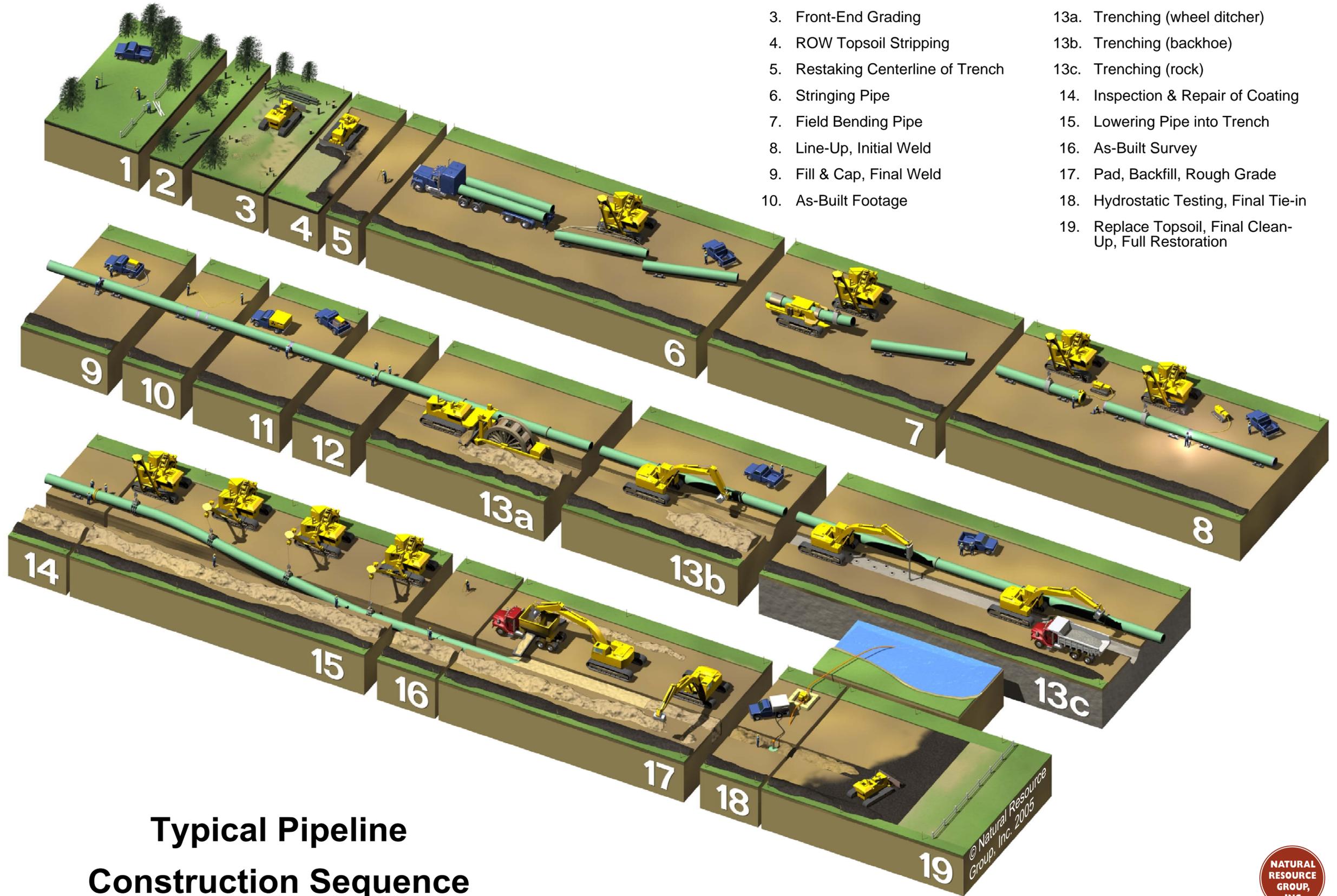


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**APPENDIX B
Construction Sequence Drawing**

1. Survey and Staking
2. Clearing
3. Front-End Grading
4. ROW Topsoil Stripping
5. Restaking Centerline of Trench
6. Stringing Pipe
7. Field Bending Pipe
8. Line-Up, Initial Weld
9. Fill & Cap, Final Weld
10. As-Built Footage
11. X-Ray Inspection, Weld Repair
12. Coating Field Welds
- 13a. Trenching (wheel ditcher)
- 13b. Trenching (backhoe)
- 13c. Trenching (rock)
14. Inspection & Repair of Coating
15. Lowering Pipe into Trench
16. As-Built Survey
17. Pad, Backfill, Rough Grade
18. Hydrostatic Testing, Final Tie-in
19. Replace Topsoil, Final Clean-Up, Full Restoration



Typical Pipeline Construction Sequence