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NEBRASKA LEGISLATURE

TransCanada Keystone Pipeline GP, LLC
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Omaha, Nebraska
68154

Senator Mike Flood
Nebraska Legislature
District #19
PO Box 94604
Lincoln, NE 68509

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Dear Speaker Flood:

I would like to extend my appreciation for your involvement in organizing and facilitating the very productive meeting with Senators Dubas, Langemeier and Sullivan last week. As we discussed in the meeting, TransCanada takes its commitments to safety and the environment very seriously. We also treat our 60,000 landowners with respect and fairness. I came to the meeting with an open mind and a strong desire to try to find a resolution to the concerns we have heard regarding the route of Keystone XL through the Sandhills region of eastern Nebraska.

As we discussed in the meeting, at this late date in the federal Presidential Permit process, it is impossible for us to move the route to avoid the Sandhills. The Department of State's Final Environmental Impact Statement concluded that "there would be no significant impacts to most resources along the proposed Project corridor". At the same time, the concerns you and the other Senators articulated at our meeting resonated with me.

As I understood, the primary issue with the pipeline route centered on the portion of the route that crossed the Sandhills region of eastern Nebraska. Concerns in this area on focused on the following issues:

- Fears of an accidental release of oil from the pipeline in those areas of the route in the Sandhills where the water table is near or at the surface;
- The ability of TransCanada to respond quickly and effectively to an accidental release of oil in the Sandhills;
- Concerns over possible contamination of drinking water wells in the Sandhills; and
- A specific concern with the planned location of a pump station in Holt County where the water table is near the surface.

At the conclusion of the meeting, TransCanada agreed to investigate a number of potential additional measures to further address these concerns raised by the Senators and by Nebraskans. As a result of our

discussions, TransCanada is pleased to offer the following measures for your consideration:

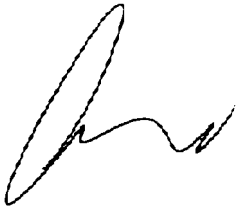
- To provide additional assurance of TransCanada's commitment to clean up accidental releases of oil, we are prepared to provide and maintain a performance bond of \$100 million, to be made available to the State of Nebraska if TransCanada does not clean up a spill in the Sandhills. We will be happy to discuss how such a bond would work at your convenience;
- TransCanada would construct a concrete containment structure surrounding the Keystone XL pump station #22 in Holt County. In the event of a spill, the containment structure will inhibit oil from mixing with surface water;
- TransCanada would locate oil spill response equipment and personnel in the Sandhills region to minimize initial spill site response time to less than 2 hours versus the federal requirement of 12 hours (see Attachment #1);
- TransCanada would install concrete coating, rock jacket or other protective materials that will fully encircle the pipeline in the Sandhills where the water table is near at or at the surface for significant distance. Engineering analysis has identified approximately 35 miles of pipeline between milepost 600 and milepost 677 as having a water table that could potentially be at or near the surface (see attached map);
- TransCanada would offer to conduct water well testing for all interested Landowners that have water wells within 300 feet from the centerline of the proposed pipeline in the Sandhills region. Baseline samples would be collected prior to placing the pipeline in service. Subsequently, in the event of a significant spill in this region, TransCanada would conduct water well sampling for wells within 300 feet of the spill site. TransCanada will provide an alternate water supply for any well where the water quality is compromised by a spill; and
- Prior to construction TransCanada would select, subject to the Nebraska Department of Environmental Quality approval, and pay for a public liaison officer to facilitate the exchange of information between TransCanada's contractors and employees, and landowners, local communities and residents. The purpose would be to respond to any questions or concerns and to resolve promptly any complaints or problems that may develop as a result

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of the pipeline during construction. The public liaison officer shall report to the Nebraska Department of Environmental Quality.

I trust these responses provide additional important assurances to the concerns identified last week. I believe they should help alleviate any remaining concerns about the safety of the approved route of the pipeline. After you have had an opportunity to discuss these points with your fellow Senators, I would be pleased to discuss implementation of these measures. I very much appreciated the opportunity to hear directly from the Senators and I look forward to continuing our dialogue with regard to this critical infrastructure and energy security project.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alex Pourbaix', with a large, stylized initial 'A'.

Alex Pourbaix
President, Energy and Oil Pipelines
TransCanada Corporation

Cc: Senator Annette Dubas
Senator Chris Langemeier
Senator Kate Sullivan

Sandhills Spill Response Plan
Augmentation to TransCanada Future Spill Response Plan for the
Keystone XL Pipeline

Originally planned Operations Offices and Staffing

- Winner, South Dakota - 4 employees
- Grand Island, Nebraska - 3 employees

Proposed additional Operations Offices and Staffing to address spill response time in the Sandhills

- Murdo, South Dakota - 3 employees
- O'Neill, Nebraska - 5 employees
- Grand Island, Nebraska - 2 employees

Spill Response Equipment

- At pump stations 21, 22 23 and 24, construct a cold storage building to house spill response equipment.
- Locate a Field Office in O'Neill, Nebraska with spill response equipment including, ATVs, skid steer, booms, absorbents, etc.
- Retain local contractors to have heavy equipment required for spill response (e.g. back hoe, vacuum truck, dozers). Equipment operators would be HAZWOPER trained as required.

Documentation and Drills

- Prepare and maintain an emergency response plan specific to the Sandhills area. The plan will be developed with Sandhills area emergency services officials.

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- Conduct oil spill response exercises in the Sandhills region with participation of local emergency responders and contractors.



Legend

- Pipeline Route
- Potential Concrete Coating
- Field Office
- Counties
- States

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TransCanada
In business to deliver

NEBRASKA POTENTIAL
 CONCRETE COATING OVERVIEW MAP

MAP PARAMETERS | PROJECTION: NAD83 UTM-14N
 SCALE ON 8.5"X11": 1" = 1,000,000; 1" = 25 MILES

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0	ISSUED FOR REVIEW	2011-10-18

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