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March 9, 2006, 2006

David Manning
Regulatory Branch Chief
U.S. Army Corps of Engineers - Tulsa Regulatory
District
Regulatory Office - CESWT-RO
1645 South 101st East Avenue
Tulsa, OK 74128

ENSR
1601 Prospect Parkway
Fort Collins, CO 80525
tel 970.493.8878
fax 970.493.0213
email kcaddis@ensr.aecom.com
web www.transcanada.com

RE: TransCanada Keystone Pipeline Project

Dear Mr. Manning:

TransCanada is planning to construct and operate an approximately 1,830-mile-long interstate crude oil transmission system from an oil supply hub near Hardisty, Alberta, Canada to destinations in the Midwestern United States (U.S.). ENSR Corporation (ENSR) has been retained by TransCanada to assist with environmental permitting for the proposed Keystone Pipeline Project (Project) within the U.S. In the U.S., the proposed Project would consist of approximately 1,070 miles of new pipeline constructed from the U.S.-Canada border in Pembina County, North Dakota to terminals and refineries in Salisbury (Chariton County), Missouri, Wood River (Madison County), and Patoka (Marion County), Illinois. Based on interest expressed by crude oil shippers, TransCanada is considering the construction of a 295-mile pipeline extension known as the Cushing Lateral which would extend the Keystone Pipeline south from the Nebraska/Kansas border (Jefferson County) to Cushing, Oklahoma. The primary delivery point would be in the Cushing area, with potential connections to numerous refineries or pipelines in Kansas and North Texas as well as Oklahoma. TransCanada proposes to begin construction of the new pipeline in the spring of 2008, with the system in-service by the end of 2009.

The Project also will require the construction of pump stations, valves, meters, and other ancillary facilities. The hydraulic characteristics of the pipeline will determine pump station and valve locations. The Project will meet all federal, state and local regulatory requirements and will implement an Integrity Management Program to help ensure public safety and to protect the environment. Flow meters and delivery metering stations will measure the amount of product transported and delivered to terminals. Electrical powerlines and facility upgrades will be required in some locations to provide power for the new pump stations and motor operated valves (MOVs) located along the pipeline route. Local power providers will

CONFIDENTIAL

David Manning
March 9, 2006
Page 2

be responsible for obtaining the necessary approvals and authorizations for any such construction.

Enclosed is an overview map of the entire proposed route that traverses parts of North Dakota, South Dakota, Nebraska, Kansas, Missouri, Illinois, and Oklahoma. In Oklahoma, the Project will cross portions of Kay, Noble, and Payne counties (see attached Overview Map). A second set of maps that identifies the location of the proposed ROW in Oklahoma is also attached.

The Department of State governs the issuance of Presidential Permits for crude oil pipelines across U.S. borders and will be the federal lead for the NEPA process for this project. In evaluating the Presidential Permit application (including an EA), the Department of State is soliciting the views of other federal agencies, including the U.S. Army Corps of Engineers. Based on public and agency input, the Department of State will review the EA (currently in progress) to determine whether a Finding of No Significant Impact (FONSI) is appropriate or whether an Environmental Impact Statement must be prepared with respect to potential significant environmental impacts within the U.S. In addition to the NEPA process, the Department of State must comply with other requirements and regulations, including the Endangered Species Act and Section 404 of the Clean Water Act.

Four U.S. Army Corps of Engineers (USACE) Districts are currently crossed by the proposed Keystone Pipeline Project; Omaha, Kansas City, St. Louis, and Tulsa. Initial communication has been made with the Omaha, Kansas City and St. Louis Districts and project leads have been identified in those areas. Pre-application meetings with those districts are scheduled for the end of March and first of April. Names and contact information for those USACE District leads can be provided if requested.

On behalf of TransCanada, ENSR would like to request that the Tulsa District identify a main project contact for the Keystone Pipeline Project as soon as possible so that completion of Section 404 regulatory requirements for the Tulsa District can be initiated by ENSR. Surveys for wetlands and other waters of the U.S. along the proposed Keystone Pipeline Project ROW are currently scheduled to commence in April 2006 following approval of the survey protocols by the various USACE Districts. In order to meet that schedule, ENSR would like to contact the Tulsa District project lead as soon as that person has been identified to provide proposed

David Manning
March 9, 2006
Page 3

survey protocols, detailed maps of the ROW, and to initiate a pre-application meeting. Please provide information on the Tulsa District contact to me at: kcaddis@ensr.aecom.com

If you have any questions regarding this request, please e-mail me or call me at (970) 493-8878. You also may direct project-related questions to the ENSR project manager, Scott Ellis, at the same number. Thank you in advance for your prompt response to this request.

Sincerely,

Karen Caddis

Karen Caddis
Senior Project Specialist/Wetlands Survey Coordinator

KC/

Ref: 10623-004

Enc. Overview Project Map
Cushing Lateral Maps

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Draft - Keystone Project Meeting: Oklahoma State Agencies, Oklahoma City
Date: March 13, 2006

Attendees:

Michael Schmaltz, TransCanada
Scott Ellis, ENSR
Ron Suttles, ODWC
Mark Howery, ODWC
Phil Moershel, OWRB
Mark Sharp, OCC
Kurt Harms, ODOT
David Pruitt, ODEQ/WQD
Mark Chen, ODEQ/AQD
Dejay Fanuagann, ODEQ/AQD
Cassie Gilman, OKDOE
Timothy Hartsfield, USACE

Meeting Objective:

Give background information on the project and to describe TransCanada's environmental philosophy and commitments.

Status of NEPA process (State Dept. is lead agency). Project recently met with the State Dept.; EA vs. EIS decision to be made soon; future federal agency coordination at the Washington DC level; Keystone represents a unique project for the State Dept because of large size, and no other major federal land management agency involved; schedule discussion with November 07 as the target date to obtain all permits.

Response Overview

EPA (Region 6) will be responsible for issuing stormwater and hydrotest water discharge permits.

There is a potential for crossing Tribal trust lands, even though the route is located west of the reservation. Tribal land crossings will likely trigger involvement by the Bureau of Indian Affairs. Need to have land agents check title to determine tribal involvement.

State school lands may be crossed – administered by land commissioners.

COE discussions - Tulsa COE -404 permitting and other issues.

Pipeline crossings will likely qualify for Nationwide 12. Hartsfield wants all waterbody crossings identified. "If it is a blue line on a USGS topo, go visit it".

Wants crossings tabulated – lat and long of crossing point, legal description (S,R,T).

CONFIDENTIAL

crossing method, supported by maps (standard 8x10 maps that accompany the permit application). COE does not want to see an application that doesn't accurately reflect the proposed project location.

Hydrostatic testing/discharge – documentation of BMPs on discharge methods. No interest in alteration of stream segments where discharges take place.

Mitigation requirements – go to COE Tulsa website for guidance. Mitigation threshold – 0.1 acre of wetland disturbance below the high water mark – calculated per crossing. Mitigation actions will be conducted within the same watershed.

COE recommends local consultants doing delineations. COE Tulsa maintains a list, can't recommend specifically, but could help shortlist several firms. There probably are no COE jurisdictional lands. Need to check with COE real estate division to verify. Most likely locations would be impoundments on major rivers and streams. Probably 60 days to get 404 permit application approval, assuming that submitted information is accurate.

Action Items:

Land agents check title to determine tribal involvement.
Contact Region EPA for stormwater and hydrostat water discharge CFR regulations.
State school lands may be crossed. Contact Land Commissioners.
Obtain COE Mitigation Plan and supply with maps described above.
Obtain wetland delineation consultant list from COE.

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TransCanada – Keystone Pipeline Contact Summary Form

Location of Meeting ENSR
Date/Time of Meeting April 2006
Keystone Team Member(s) Karen Caddis

Contact Information:

Name	Brenda Canyon
Title	Regulatory office technician
Organization	US Army Corps of Engineers – Tulsa District
Address	USACE - Tulsa Regulatory District, Regulatory Office - CESWT-RO, 1645 South 101st East Ave., Tulsa, OK 74128
County	--
Phone	918-669-7621
E-mail address	Unknown

Meeting Information:

Type of Contact (phone, in-person, etc.): Phone

Issue: Main COE project contact for the Tulsa District

Concern Level: High ___ Moderate ___ Low X .

Description:

Ms. Canyon called and left a message to confirm who the main regulatory contact would be for the COE's Tulsa District. The project manager will be Timothy Hartsfield. We are to refer to project regulatory i.d. number 15227 when discussing the project with him. She indicated that ENSR should contact the District to identify whether information should be mailed to ENSR's Westford office or to Fort Collins.

Follow-up Required / Requested

ENSR called and left a message in April with Ms. Canyon providing her with the Fort Collins contact information.

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Additional Comments

None identified.