

July 21, 2014

Mike Tuerk
Chairman, Keya Paha County Board of Commissioners
P.O. Box 349
Springview, NE 68778

Andrew Craig
Land Manager
Keystone XL Pipeline Project
TransCanada
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Dear Chairman Tuerk:

As Land Manager for TransCanada's Keystone XL Pipeline Project (Keystone), I want to share with you our commitment to ensure we take care of roads in your area that may be affected by our planned construction of the Keystone XL Pipeline. We are pleased to address these issues with you and we look forward to continuing to work with you on planning for the construction and operation of the Keystone XL Pipeline.

We understand the importance of roads in conducting business in the county as well as for basic travel and emergency access. We also understand the prominent place roads command in local government budgets. Should road damage occur from construction activities, including hauling or other movement of construction equipment and materials, we accept responsibility for that damage. After construction is complete, Keystone remains responsible for any damage to roads caused by our construction activities.

Commitments:

The following commitments will be met by Keystone or its contractors:

- Keystone will use appropriate measures to prevent damage to paved roads and to regularly remove excess soil or mud from such roadways during construction.
- Keystone will work with local road authorities to maintain unpaved roads during construction, including measures such as graveling and blading. Keystone will be responsible for performing any required road maintenance measures.
- Keystone will follow safety plans and temporary signage requirements in accordance with the Manual on Uniform Traffic Control Devices.
- Keystone will coordinate road closures with state and local governments and will acquire all necessary permits related to our use of roads in Keya Paha County.

- Following construction, Keystone will ensure that roads have been restored as necessary or will compensate Keya Paha County as necessary for repairs to restore roads to pre-construction condition.

Activities and Processes:

Boring to be used as the primary method of pipe installation under roads:

In almost every case, the pipeline will be installed by boring under public roads. Keystone will notify the County's assigned official if an open-cut construction installation method is required to safely and successfully install the pipeline underneath any of its county roads. The County's assigned official will review and permit the proposed open-cut within 24 hours of being notified. In the event an open-cut construction installation method is required, Keystone will restore the road to its pre-construction condition or better and shall be responsible for promptly remedying any later subsidence in the road bed which may result from the open cut, to include restoring the road surface at the site of the excavation. Consequently, road use will generally not be impacted during pipeline installation under the road. Road damages from pipeline construction itself are expected to be minimal. Any actual damages remain Keystone's responsibility to address. If a road crossing were open-cut and restored but later began to subside due to the pipe trench, Keystone is responsible to compensate the appropriate road authority. If cutting a gravel road were necessary, that activity and any associated road closures would be coordinated with the local road authority. (Typically, road closure for an open-cut road is limited to several hours.)

Movement of construction equipment and materials:

Although most equipment will move along the linear construction right-of-way, some also will be transported along public roads. Construction pipe and other materials will be delivered to the construction right-of-way. Hauling of pipe and materials will typically be accomplished within local load limits. Some construction equipment may require special permits. Keystone or its contractors will acquire such permits whenever required. Any actual damages remain Keystone's responsibility to address.

Transportation Plan:

Keystone will work with the Keya Paha County Highway Superintendent to develop a transportation plan for the county, highlighting principal transportation routes for equipment and loads in the county. Roads will be kept passable during construction.

Third-Party Inspection:

Keystone will arrange for third-party inspection of roads we expect to use for the project so that both you and we will have a solid basis for evaluation of impacts following construction. An outside contractor will do this work independently at our expense. We will work with you on this effort and we will share results with you so that we may work together to address any concerns.

Performance Bond:

Keystone is willing to provide protection for county roads in the form of a performance bond. Nebraska roads were maintained and restored during and following 2009 construction of Keystone Pipeline without the use of bonds. In other areas, bonds were sometimes used. After constructing nearly 1100 miles of pipeline in six states in some of the wettest weather on record, roads were restored without any attempt to seek bond money.

Specifics on Performance Bond in Keya Paha County:

- A bond in favor of Keya Paha County in an amount equal to \$50,000 per mile of designated haul route roads will be furnished at least 30 days prior to commencing construction in Keya Paha County
- The bond will be terminated 30 days following substantial completion of construction of the pipeline in Keya Paha County and receipt of written confirmation from the Keya Paha County Highway Superintendent that Keystone has satisfactorily completed any necessary repairs to the roads within the haul route, which approval is not to be unreasonably withheld or delayed.
- It is currently estimated that there are 53 miles of haul route roads for this project, and the actual mileage will be confirmed with the County Highway Superintendent, Lloyd Smith, at least 30 days prior to commencement of construction in the County.
- If the actual mileage turns out to be 53 miles as estimated, then the bond amount would be \$2,650,000.

Attached to this letter is a Keya Paha County Haul Road List that our Nebraska Permit Specialist, Bobby Britton, has reviewed with Lloyd Smith, together with a color map depicting the designated roads. Unless the County Board has questions, please confirm that the roads thus designated for our construction haul routes are acceptable to the County.

Keystone is committed to working with Keya Paha County to ensure your road concerns are addressed, and look forward to working with you on this effort during construction and, as we move into operation, to becoming a part of the community.

Please confirm the County's approval of the haul route and terms of the surety bond by executing a copy of this letter in the space provided below on behalf of the County and returning it to me.

Sincerely,



Andrew Craig
Land Manager
Keystone XL Pipeline Project

Copy to: Lloyd Smith, Keya Paha County Highway Superintendent (via email w/enclosures)
Eric Scott, Keya Paha County Attorney (via email w/enclosures)
Bobby Britton (via email w/enclosures)

ACCEPTANCE

Accepted this 22 day of July, 2014 by the Keya Paha County Board of Commissioners.

By: 
Mike Tuerk, Chairman
Keya Paha County Board of Commissioners

Keya Paha County Haul Road List

Road Name	Road Direction	between	and	Approximate Length (miles) County Roads	Comments
909 th Rd. (SD line 304 th Rd.)	West to East	Tripp County (SD) 303 rd Street	Tripp County (SD) 304 th Street	0.75	State Line Road
905 th Rd.	West to East	446 th Ave.	Spring Creek Ave.	7	
Hay Valley Rd.	West to East	Spring Creek Ave.	Hwy. 137	4	
906 th Rd.	West to East	Hard Times Ave.	End of County Maintenance at the SE corner of Section 34, T35N, R18W	1.2	
Wolf Lane	West to East	west part of Sec 6 34N 17W (at entrance to CAR-305)	906 th Rd.	1.6	
906 th Rd.	West to East	Wolf Lane	Turkey Ave.	1.1	
901 st Rd.	West to East	Hwy. 137	461 st Ave.	3	
900 th Rd.	West to East	461 st Ave.	Boyd Co. Line	1	
450 th Ave.	North to South	906 th Rd.	Hwy. 12	2	
Hard Times Ave.	North to South	SD State line	905 th Rd.	5.2	
452 nd Ave.	North to South	905 th Rd.	Hwy. 12	1	
Spring Creek Ave.	North to South	905 th Rd.	Hay Valley Rd.	11.25	
446 th Ave.	North to South	905 th Rd.	Hwy. 12	2	
447 th Ave.	North to South	909 th (304 th in SD)	905 th Rd.	4	
461 st Ave.	North to South	901 st Rd.	900 th Rd.	1	
Gregory Ave.	North to South	South Dakota line (connects to Hwy. 251)	906 th Rd.	3.5	
Johnson Rd.	North to South	Hwy. 137/12	Hwy. 137/12	2.25	
Turkey Ave.	North to South	906 th Rd.	Hwy. 137/12	1.5	
			Approximate Total:	53.35	