

|          |   |
|----------|---|
|          | <p><b>Northern Plains Pipeline Landowners Group</b><br/> <b>MFSA Requested Conditions</b><br/> <b>September 10, 2010</b></p>  |
| <b>1</b> | <b>Eminent Domain</b>   |
| 1.1      | TransCanada (TC) must have contracts with 75% of private landowners along MT route before eminent domain may be used.   |
| 1.2      | TC must have all state and federal permits in place before eminent domain may be used in MT.  |
| 1.3      | A thorough, independent need analysis to be performed prior to grant of eminent domain power. Analysis should include other tar sands pipeline infrastructure already available.  |
| <b>2</b> | <b>Construction</b>   |
| 2.1      | Certificate to state which government agency will oversee all in-state construction activities.   |
| 2.2      | Prior to construction, TC to disclose what proportion of its construction work force will be MT residents, and what proportion will be union labor.   |
| 2.3      | Prior to construction, TC to provide a post-construction reclamation plan.  |
| 2.4      | Prior to construction, TC to file with MDEQ a list identifying private and new access roads that will be used or required during construction and file a description of methods used by TC to reclaim these roads.  |
| 2.5      | Prior to construction, TC to provide third party expert analysis of plants including grasses, grains and alfalfa in correlation to temperatures and soils around the pipeline.  |
| 2.6      | Prior to construction, TC to have in place a winterization plan and implement the plan if winter conditions prevent reclamation completion until spring. The plan shall be provided to affected landowners and MDEQ.  |
| 2.7      | Prior to construction, MDEQ to appoint and TC to pay for a public liaison officer to facilitate the exchange of information between TC contractors and employees, and landowners, local communities and residents, and to resolve promptly any complaints or problems that may develop for landowners, local communities and residents as a result of pipeline. The liaison shall report to MDEQ. |
| 2.8      | TC to coordinate construction work with affected landowners in cooperation with public liaison officer.   |
| 2.9      | Construction must be suspended when weather conditions are such that construction   |

|          |  |
|----------|--|
|          | activities will cause irreparable damage.  |
| <b>3</b> | <b>Mitigation</b>  |
| 3.1      | Specified minimum setback distances for pipeline from residences, businesses, and future development and enforceable process for ensuring setbacks from future development.  |
| 3.2      | TC to restore all disturbed land to its original state in consultation with soil scientists familiar with the region.  |
| 3.3      | TC to separate topsoil from subsoil and restore all areas disturbed by construction to at least their pre-construction condition.  |
| 3.4      | TC to undertake financial responsibility for upkeep of the right of way as long as the pipeline is in place.   |
| 3.5      | TC to use appropriate ground cover species for reclamation, in consultation with experts on local plant life.  |
| 3.6      | Reclamation to BLM standards where there is any uncertainty as to the applicable standard.   |
| 3.7      | TC financially responsible for any road damage.  |
| 3.8      | Identification of hydrologically sensitive areas and appropriate plan to protect same.   |
| 3.9      | Identification of high consequence areas and justification for HCA designation or lack thereof.  |
| 3.10     | No certificate until the Integrity Management Plan for HCAs has been completed, including thorough public process.   |
| 3.11     | Reclamation and cleanup along the ROW must be continuous and coordinated with ongoing construction.  |
| 3.12     | All pre-existing roads and lanes used during construction must be restored to at least their pre-construction condition that will accommodate their previous use, and areas used as temporary roads shall be restored to their original condition. |
| <b>4</b> | <b>Operations</b>  |
| 4.1      | TC to commit in writing never to operate the pipeline at greater than 72% pressure.  |
| <b>5</b> | <b>Oil Spill Issues</b>  |
| 5.1      | TC to assume total liability for surface and water damages.  |
| 5.2      | TC to contribute to a fund to pay for damages and provide bonding to ensure financial  |

|           |  |
|-----------|--|
|           | resources for cleanup.   |
| 5.3       | Public notification requirement within 24 hours of a leak or blow-out.   |
| 5.4       | Complete Emergency Response Plan (ERP) in place, developed via public process and on file with all affected counties and municipalities, prior to start of construction.   |
| 5.5       | TC to include procedures for blow-outs/ leaks in ERP and provide adequate resources to local emergency responders to handle worst-case scenarios.  |
| 5.6       | TC to furnish landowners, counties and emergency systems with “built survey” hard copy in county, emergency offices and to adjacent landowners.  |
| 5.7       | TC to train local volunteer fire departments in emergency response for all potential pipeline emergencies.   |
| 5.8       | In the event that a person’s water supply is contaminated as a result of construction or pipeline operation, TC shall pay all costs associated with finding and providing a permanent water supply that is at least of similar quality and quantity, and any other damages, including but not limited to any consequences, medical or otherwise, related to water contamination. |
| 5.9       | No person will be held responsible for a pipeline leak that occurs as a result of his/her normal farming practices over the top of or near the pipeline.   |
| <b>6</b>  | <b>Environmental</b>   |
| 6.1       | Final Environmental Impact Statement complete prior to any state approvals.  |
| <b>7</b>  | <b>Design and Safety</b>   |
| 7.1       | Require a study of the relative safety benefits of heavier walled pipe   |
| 7.2       | Require a comprehensive engineering study of pipeline pressures and worst-case spill risks specific to KXL   |
| <b>8</b>  | <b>Taxes</b>   |
| 8.1       | TC to provide written guarantee that it will pay the full county and school taxes it has said it will.   |
| <b>9</b>  | <b>Values</b>  |
| 9.1       | Landowners should be treated with respect and integrity.   |
| 9.2       | American steel   |
| <b>10</b> | <b>Electricity</b>   |

|           |  |
|-----------|--|
| 10.1      | No certificate to be issued until full statutory Customer Fiscal Impact analysis process is complete, including public notice and hearing.                           |
| 10.2      | TC to provide written guarantee that local electrical rates will not increase as a result of additional infrastructure and generation needed for pipeline operation. |
| 10.3      | TC to buy power from local coops.  |
| <b>11</b> | <b>Abandonment</b>   |
| 11.1      | Abandonment plan reflecting national best practices reviewed and approved via public process prior to final permitting.  |
| 11.2      | TC to remove all pipeline infrastructure and restore all affected areas to original condition when pipeline is abandoned.  |