



TransCanada Pipelines Limited

August 24, 2007

Via Certified Mail

Raymond G. Anderson
12189 415th Avenue
Langford, SD 57454-5815

Re: Tract Number ML-SD-MR-0519.0000

Dear Mr. Anderson,

TransCanada Keystone Pipeline, L.P. ("Keystone"), a subsidiary of TransCanada, has filed an application with the South Dakota Public Utilities Commission for permission to construct a crude oil pipeline in the state of South Dakota. While regulatory reviews proceed, Keystone continues to make preparations for construction. In order to meet the need for delivery of crude oil to refineries starting in the fourth quarter of 2009, Keystone intends to initiate pipeline construction in South Dakota in May, 2008.

As detailed below, this letter presents Keystone's **Final Offer** for the purchase of an easement across property you own or in which you have an interest (identified below) for the construction of the Keystone crude oil pipeline. We look forward to your response and to the successful completion of negotiations for this easement.

We have previously expressed to you our interest in acquiring this easement. The property ownership is listed as Raymond G. Anderson. The easement located in portions of Section 14, Township 125 North, Range 59 West, 5th P.M., described as Parcel 16.59.14.1000 in that certain deed dated 10/7/1969 recorded as Document Number 10856, of Official Records of Marshall County, South Dakota.

As our **Final Offer**, Keystone offers to pay you \$7,812.00 for the permanent easement on 3.1 acres and \$4,914.00 for the temporary construction easement on 3.9 acres, for a total of \$12,726.00.

Keystone negotiates in good faith for all land rights and pays fair value for those rights. We believe this offer provides payment that is just and reasonable, and adequately compensates you for Keystone's use of the land.

Our offer will remain in effect until August 31, 2007. If this offer is acceptable, please have two of the copies of the enclosed easement executed by the person or persons authorized to enter into such agreements by August 31, 2007 in the presence of a Notary Public, and return them to me in the enclosed postage paid envelope. Immediately after receipt of the properly signed and notarized easements, we will deliver to you a check in the agreed upon amount.

Should you reject or fail to respond to this offer by August 31, 2007, Keystone will conclude that we are unable to come to agreement on a voluntarily negotiated easement for this project. We will then commence preparations for a condemnation action to acquire the easements under the laws of the State of South Dakota.

In more than 50 years of building and operating our 36,500 mile pipeline system, TransCanada has used eminent domain very sparingly. We are committed to extending that positive record. Our preference is to reach an amiable arrangement with respect to acquiring an easement for the Keystone pipeline. A condemnation action can be avoided if we can reach an agreement on this matter. We hope you will find this offer acceptable. If you have any questions about this offer, please contact either myself at 1-800-562-8931 or alternatively, John Hunt, Land Manager, TransCanada Keystone Pipeline, L.P. at 403-920-7383.

Sincerely,



Sandra Roth
Landowner Relations Supervisor,
TransCanada Pipeline
Keystone Pipeline Project