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**RECEIVED**

April 9, 2009

**APR 15 2009**

Mr. Todd D. Kranda

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Attorneys at Law

103 Collins Avenue, P.O. Box 1266

Mandan, North Dakota 58554-7266

**PUBLIC SERVICE COMMISSION**

RE: TransCanada Keystone Pipeline, LP vs. Jim Belanus, et al.  
Your File No. 11815A  
Civil No. 10-08-C-18

Dear Mr. Kranda,

I did receive your March 31<sup>st</sup> letter in which you finally answered the concerns that my client had back in December of last year. Although you have attempted to address all of the items that remain undone, the answers are less than assuring. Most of the items that we have asked to have addressed apparently are going to be handled "sometime in the spring of 2009". This does not give us much hope, since we had a written agreement that all of these were to be completed by October 31<sup>st</sup>.

As you recall, in our written agreement we negotiated plenty of time for those subcontractors to get their work done, if they really wanted to do. However, for some reason your subcontractors, who were to complete this work, did not have any deadlines, nor did we have anybody to specifically contact in regards to their lax attitude as to deadlines. An example of that lax attitude is to tell us that we are to see your land department.

I would suggest that somebody in your land department contact Mr. Belanus and come up and meet with his insurance investigators, who have already determined the exact damages that have been done to his crops. The only contact that Mr. Belanus has received was an indirect contact from an individual that wanted to know what type of trees he wanted planted on his land. Apparently that same person called him on the phone two or three weeks later and said that he could handle the damages to his crop as well. He had provided him a figure and then had no written follow up as to who he was, how to contact him or when they could arrange to meet here in Walhalla to address the situation as to crop damage. I am assuming this could have been done this winter.

My client has provided me with reports by his crop adjuster, Jeff Schneider who works for T.R. Waind Insurance who had Tom Perius apparently from the main insurance company to come up and make an adjustment as to the damage done on the actual pipe easement area as well as the additional damage done to his crop on each side of the pipeline.

**643 PU-06-421** Filed: 4/15/2009 Pages: 6  
**Letter Stating Response did Not Address Landowner Concerns**

Jim Belanus

Attorney, Duane H. Schurman

Mr. Todd D. Kranda  
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You should also be aware that this crop damage will continue this year, since the railroad ties that have been strung out "kitty corner" across his entire rental property and are still laying there apparently for a floating bridge to allow your vehicles to go across his field on an angle so that they can complete the connection at the border.

Therefore, this property is being subject to more than one year construction, since there is no way for Mr. Belanus to even farm this land on both sides of the area since the railroad ties that stretch for half mile in a "kitty corner" line are still laying in the water and snow.

It is my client's position that the damage should be 100% for each of the construction years, than 100% for the following year and a reduction of 50% for the year thereafter, instead of the three years that you are suggesting. Three years would have been the case had the construction been completed in one year, but for some reason your contractors did not feel the need of completing this matter last year.

We were originally given assurances that the items in regards to the pasture land would also be addressed completed by October 31<sup>st</sup> of last year. However, there has been no effort to complete those items even though they could have been done at any time, including during the winter. Now we are told that this is going to be completed sometime in the spring of 2009, which is almost 6 to 7 months later than originally planned. Also no guarantees or deadline dates are established as to what the spring of 2009 means. Is that by June 1<sup>st</sup>, July 1<sup>st</sup>, or again like our present written agreement, sometime 6 months or more after the spring of 2009.

Therefore, I would like to have a deadline set and something placed in writing as final date to complete this matter and the compensation to be paid by Keystone Pipeline for not living up to their end of the written agreement. Sure the telephone pole "will be removed" that was placed in Mr. Belanus field, as well as I am assuming eventually the railroad ties stretching a half mile, will be picked up. However, until that is done this provides an economic inconvenience, as well as additional potential crop damage to my client awaiting to have this matter completed.

There is no reason that a person could not be designated by Keystone out of their land department to contact Mr. Belanus within the next week and to set up a meeting in which he would come up and meet with Mr. Belanus adjusters to arrive at a damage done not only to his crop north of town, but also the damage done to his alfalfa crop near his pasture just west of Walhalla.

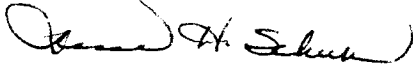
It was my understanding in making our original agreement in May of last year with Keystone's head person in charge of this matter, that he was going to utilize the October 31<sup>st</sup> deadline to make sure his subcontractors were required to complete these matter or would be subject to penalty if they were not completed by October 31, 2008. We would like to know exactly what agreement was made with Keystone in regards to clean up, repairs as well as other items that we have addressed in our previous letters.

Mr. Todd D. Kranda  
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I am also enclosing a bill for the time I have spent since my last billing, since it was my understanding that if for some reason one party under this agreement did not complete their side of the contract, they would be responsible for the other side's attorney fees and costs. Therefore, I am assuming that this bill would be paid to me within the next month or an explanation given as to why it was not going to be paid.

Thanking you for promptly addressing my client's concerns with more specificity, I am,

Sincerely yours,

A handwritten signature in black ink, appearing to read "Duane H. Schurman". The signature is fluid and cursive, with the first name "Duane" being the most prominent.

DUANE H. SCHURMAN

DHS:sac

cc: Patrick J. Fahn  
Dennis Markusen  
Larry DuBois  
Jim Belanus

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March 31, 2009

DUANE H. SCHURMAN  
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WALHALLA ND 58282

US MAIL AND FACSIMILE  
(701)549-3647

Re: TransCanada Keystone Pipeline  
Our File No. 11815

Dear Attorney Schurman:

This letter is in response to your recent letter dated March 10, 2009 and the specific items referred to in your December 4, 2008 letter that you submitted on behalf of James Belanus. I will try to address and respond to each of the individual concerns that were mentioned in the separately numbered paragraphs within your letter as outlined hereafter.

1. The removal and stacking of the trees was apparently not completed and was first brought to the attention of a Keystone representative in mid November 2008. The representative of Keystone told Mr. Belanus that he would see what could be done about having the trees cut and stacked at the location of his choice. However, at that point there was not much that could be done about the grinding of the branches and stumps into fine material instead of the chips of wood. If there are any additional trees that need to be cut and stacked on the Belanus property Keystone will arrange for that to be completed when they return to complete restoration and clean up in the spring of 2009.
2. There were new poles that were added as a safety precaution so that equipment could navigate under them without incident. The location of at least one of the new poles may impede Mr. Belanus's farm equipment. Accordingly Mr. Belanus was informed that Keystone would work on getting the poles relocated and any excess poles removed from the property. The poles will be relocated after Keystone returns to complete restoration and clean up in the spring of 2009 and there will need to be a coordinated effort with the local power company when that work is done.
3. There was indeed a failed bore that occurred at the location described by Mr. Belanus within the right of way easement. Mr. Belanus was informed about the situation and consulted regarding the pipe. The pipe was filled with grout and sealed. This was witnessed by members of the UEI management team. The inspectors



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oversaw the grouting of the pipe. In addition, the contractor has the receipts for the delivery of the grout. Mr. Belanus did not mention any concern when consulted and has not indicated what damages and compensation, if any, he is requesting for the pipe that he calls "an inconvenience".

4. Mr. Belanus was informed that since there was snow cover and the ground was frozen, that there would be no further restoration work nor clean up attempted until the spring of 2009. At that point, Mr. Belanus stated in response that no one would be allowed on his property in the spring of 2009. There are locations on his property that requires to be re-leveled and additional restoration and cleanup work performed mostly due to all the inclement weather. Keystone is aware that the clean up will most likely require additional weed control. Mr. Belanus was informed that Keystone would restore his property just as he wanted and as required when Keystone returns in the spring of 2009 as long as Mr. Belanus allows reasonable access to the property to perform that work.

5. The over head jumper needs to be raised and widened. Mr. Belanus was informed that Keystone would get it taken care of and put back to his satisfaction. This work will be completed by Keystone in the spring of 2009.

6. Keystone is not aware that there were gates left open nor gaps left open at any time on the Belanus property. As far as crop damage compensation, Mr. Belanus was informed that he would have to discuss this matter with the land department. Mr. Belanus was told that his concern would be passed on to the land office, which was done and that he could contact them to discuss those details regarding any claim for crop damage. Without waiting for Mr. Belanus, on December 2, 2008, a land agent was sent to meet with Mr. Belanus regarding tree replacement. During the meeting Mr. Belanus agreed to do the tree replacement. Mr. Belanus was also told that the trees would be planted in the spring of 2009. Keystone did agree that he should have some input as to the type of trees that are planted. At the same meeting, the land agent approached Mr. Belanus on the crop settlement. Mr. Belanus told the land agent that he believed that there was approximately 50 acres of damage on the two tracts which he owns and leases. The specific tracts are ML-ND-CV-0001.0000 (9.4 acres) and ML-ND-CV-0010.0000 (7.5 acres) which is significantly less than the 50 acres as was alleged. Mr. Belanus was notified that the amount of damage claimed seemed excessive and that he would need to substantiate the damages. Keystone will continue to strive toward a resolution regarding Mr. Belanus crop damage claims, but he must understand that Keystone is relying upon him to substantiate the amount acres that were truly damaged. Also, there was some confusion about the policy for the compensation level which has changed to first year damages of 100 %, second year damages of 100% (instead of 75%) and third year damages of 50% for a total of 250% rather than 225%. Accordingly, Keystone remains willing and committed to work with land owners such as Mr. Belanus in determining the appropriate amount for crop damages based on his documented production and the area affected.

7. There was observed a limited amount of small gravel located on the tillable pasture adjacent to the pipe line right of way. In response, Mr. Belanus was notified that it would be taken care as soon as conditions permit.

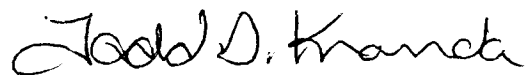
8. Mr. Belanus was informed that the contractor installed the marker and test station where the specification dictated. This matter will be reviewed and discussed again to determine if any adjustment is necessary. The review of the request for relocation of the marker is complicated because it includes a test station at that location.

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If you have any additional questions regarding any of these concerns, please feel free to contact me.

Sincerely,

A handwritten signature in black ink that reads "Todd D. Kranda". The signature is written in a cursive style with a large, stylized 'T' and 'K'.

Todd D. Kranda

TK:ls