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October 10, 2008

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Robert Jones P.Eng.
Vice President
TransCanada Keystone Pipeline LP
450 1st Street SW
Calgary, Alberta, T2P 5H1
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Jeff Wiese
Associate Administrator for Pipeline Safety
U.S. Department of Transportation
Pipeline and Hazardous Materials Safety Administration
East Building, 2nd Floor
1200 New Jersey Ave., SE
Washington, DC 20590

PHMSA-2008-0285

Re: Application for Special Permit to Design, Construct and Operate Proposed NPS 36-inch TransCanada Keystone XL Pipeline Project at 80% Specified Minimum Yield Strength (SMYS)

Dear Mr. Wiese,

In June 2008, I wrote to you on behalf of TransCanada Keystone Pipeline LP (Keystone), introducing Keystone's proposal to construct and operate a new 2,000-mile, NPS 36-inch pipeline from Hardisty, Alberta to the Port Arthur and east Houston areas of Texas. Also discussed was Keystone's intention to adopt design, construction and operating practices in conjunction with the PHMSA-2006-26617 special permit safety features of the NPS 30-inch Keystone Pipeline and the NPS 36-inch Cushing Extension Pipeline.

After subsequent discussions between my technical Staff, Mr. Alan Mayberry and Mr. Max Kieba, I am pleased to submit Keystone XL's application for a Special Permit to design, construct and operate the proposed NPS 36-inch pipeline using a design factor and operating stress level of 80 percent of the steel pipe's SMYS.

TransCanada is confident the Keystone XL oil pipeline can be safely and reliably operated at the higher design factor in an environmentally responsible manner and are requesting a waiver of compliance from 49 C.F.R. § 195.106. We would appreciate the opportunity to meet with you to further progress consideration and approval of our application.

Best regards,

Robert Jones, P.Eng.
Vice President, TransCanada Keystone Pipeline LP

cc: Bill Gutte, Deputy Associate Administrator, PHMSA
Alan Mayberry, Director - Engineering & Emergency Support, PHMSA
John Gale, Director - Regulations, PHMSA
Ivan Huntoon - Director, Central Region, PHMSA
Rodrick Seeley - Director, South West Region, PHMSA
Chris Hoidal - Director, Western Region, PHMSA