COVENANT NOT TO SUE

This document represents an agreement between the People of the State of Illinois ("State") and Lakehead Pipe Line Company Limited Partnership, and Lakehead Pipe Line Company, Inc., (collectively "Lakehead") to settle, outside of court, State claims against Lakehead for Natural Resource Damages arising out of a release of bentonite into the Millhurst Fen in Kendall County, Illinois. The parties stipulate as follows:

FACTS

Lakehead Pipe Line Company, Inc., is a Delaware corporation and Lakehead Pipe Line Company, Limited Parnership is a Delaware Limited Partnership, both doing business in Illinois. On or about July 23, 1998, while drilling a route for a new pipeline, there was a release of bentonite, a mud-like drilling substance, into the area in Kendall County, Illinois, known as Millhurst Fen. Additional releases of bentonite into the Fen occurred on or about August 5, 1998 and November 4, 1998.

Millhurst Fen is a pristine natural wetland area located near the Fox River which supports a number of threatened and endangered plant species. Millhurst Fen is listed in the Illinois Natural Area Inventory and is considered one of the highest quality fens in the State of Illinois. It provides the habitat for three State of Illinois listed threatened or endangered species including the threatened beaked spike rush (*Eleocharis rostellata*), the endangered slender bog arrow grass (*Triglochin palustris*), and the endangered yellow monkey flower (*Mimulus glabratus*). The yellow monkey flower exists only in the fen and three other locations in the entire State of Illinois.

The Illinois Attorney General is the chief legal officer for the State of Illinois and is the authorized constitutional officer authorized to resolve Natural Resource Damage actions in conjunction with the State Trustees on behalf of the People of the State of Illinois.

The Illinois Department of Natural Resources ("IDNR") and the Illinois Environmental Protection Agency ("Illinois EPA") are the State Trustees of the natural resources of the State of Illinois (collectively the "Trustees"), and are given authority, under Section 107(f) of the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), as amended, 42 U.S.C. Section 9607(f), Section 311(f) of the Clean Water Act ("CWA"), as amended, 33 U.S.C. Section 1321(f), Section 1006 of the Oil Pollution Act ("OPA"), as amended, 33 U.S.C. Section 2706(a)-(g),

as well as any other applicable federal and state law and authority including, but not limited to, the National Oil and Hazardous Substances Pollution Contingency Plan ("NCP"), as amended, 40 C.F.R. Part 300, and to the extent appropriate and elected for use by the Trustees, the Natural Resource Damage Assessment Regulations ("NRDAR"), as amended, 43 C.F.R. Part 11 and 15 CFR Part 990, to calculate and assess natural resource damages against any person who causes injury to natural resources in the State of Illinois.

OBJECTIVES OF THE PARTIES

The objectives of the parties in entering into this Covenant Not to Sue are as follows: to provide for the restoration, replacement or acquisition of the equivalent of the alleged injured, destroyed, or lost natural resources resulting from alleged injury to, destruction of, or loss of natural resources at the Millhurst Fen site; to compensate the public for interim losses resulting from such alleged injured, destroyed or lost natural resources; to provide for the payment by Lakehead of a sum to be used for educational or conservation purposes; to provide reimbursement to the Illinois Department of Natural Resource for their assumption of the responsibility to remove any invasive species at the site, and to resolve Lakehead's liability for natural resource damages at the Millhurst Fen site as provided herein.

LAKEHEAD'S DUTIES UNDER THIS AGREEMENT

Within sixty (60) days of the effective date of this Covenant Not to Sue, Lakehead shall cause a warranty deed attached hereto as Exhibit A, conveying the approximately seven (7) acre portion of the Millhurst Fen area that it or its affiliate currently owns, to the State trustees to be executed and delivered to the State. Prior to execution of the deed, Lakehead shall provide the State with proper title insurance for the property.

The parties acknowledge that the United States Environmental Protection Agency is requiring that Lakehead conduct the monitoring activities set forth in the Restoration and Monitoring Plan, Millhurst Fen Drilling Mud Release Site, September 1998, as amended by correspondence dated December 14, 1998, November 1, 1999, and December 1, 1999 (collectively, "the Monitoring Plan") The Monitoring Plan is attached hereto as Exhibit B. Lakehead shall provide the IDNR and the Illinois Nature Preserve Commissions, if and when the property is dedicated as a Nature Preserve, at least seven (7) days notice prior to conducting such monitoring activities by contacting the Manager of the IDNR

Natural Resource Trustee Program, and the Director of the Illinois Nature Preserve Commission. Lakehead shall include in the notice a description of such monitoring activities. Lakehead shall consider in good faith any comments submitted by the State regarding the manner in which Lakehead proposes to conduct such monitoring activities. Lakehead shall use reasonable efforts to conduct such monitoring activities in a manner so as to minimize adverse environmental impact on the property.

In addition to the land transfer, Lakehead shall pay to the State the sum of Ten Thousand Dollars ($10,000.00) to be used for educational or conservation purposes. This payment shall be made by check payable to the Treasurer of the State of Illinois and designated to the Natural Resource Restoration Trust Fund.

Lakehead shall also pay the sum of Fourteen Thousand Dollars ($14,000.00) to the Illinois Department of Natural Resources for the department to conduct invasive species removal activities at the Millhurst Fen site. The check shall be made payable to the Treasurer of the State of Illinois and designated to the Natural Resource Restoration Trust Fund. In consideration for the payment of this amount by Lakehead, the Illinois Department of Natural Resources shall assume the obligation to conduct, at its expense, all invasive species removal activities at the Millhurst Fen site which are necessary and/or required by law or by the United States Environmental Protection Agency, the State or any other government agency, now or in the future.

All payments shall be made within thirty (30) days of the date of full execution of this Covenant, and shall be sent to:

Illinois Department of Natural Resources
Office of Fiscal Management
Attention: John Bandy, Director
524 South second Street
Lincoln Tower Plaza
Springfield, IL 62701

STATE'S COVENANT NOT TO SUE

In consideration of the actions that will be performed and the payments that will be made by Lakehead under the terms of this agreement, and except as specifically provided in the "Reservation of Rights" section of this agreement, the State releases and covenants not to sue or take administrative action against Lakehead pursuant to CERCLA, OPA, or CWA, or any other federal or state law for injunctive relief, costs, damages,

penalties or other liabilities recoverable by the State under such statutory authorities or the common law for Natural Resource Damages or the restoration or replacement or acquisition of the equivalent of injured, destroyed, or lost Natural Resources resulting from the noted releases of bentonite into the Millhurst Fen. This Covenant Not to Sue extends only to Lakehead, its successors and assigns and does not extend to any other person or entity.

EFFECTIVE DATE

This Covenant shall take effect upon full execution of this document and is conditioned on Lakehead's completion of its duties under this agreement.

RESERVATION OF RIGHTS

The covenant not to sue, above, does not pertain to any matters other than those specifically set forth in this agreement. The State specifically reserves all rights to institute proceedings against Lakehead for any other matter not covered by the scope of this agreement, including, but not limited to, the following:

1) liability under any applicable State or Federal law or regulation arising from any past, present, or future releases of bentonite or any other substance into the Millhurst Fen other than those specifically noted in this agreement; and

2) liability under any applicable State or Federal law or regulation arising from any past, present, or future release of bentonite, or any other substance into any area other than the Millhurst Fen.

Lakehead reserves, and this agreement is not prejudice to, any defenses or claims, whether asserted by counterclaim or otherwise, regarding the subject matter of any claim reserved by the State in this Section.

Nothing in this Covenant shall be construed to create any rights in, or grant any cause of action to, any person not a Party to this Covenant. The preceding sentence shall not be construed to waive or nullify any rights that any person not a signatory to this Covenant may have under applicable law. Each of the parties expressly reserves any and all rights, defenses, claims, demands,

and causes of action which each party may have with respect to any matter, transaction, or occurrence relating in any way to the Millhurst Fen site against any person not a Party hereto. By entering into this agreement and complying with the terms hereof, Lakehead does not admit any fact, statement, legal conclusion, liability or past or present violation of any law, and this agreement shall not be interpreted as including any such admission.

The undersigned parties enter into this Covenant Not to Sue in the matter relating to the Millhurst Fen site.

FOR THE STATE OF ILLINOIS

ILLINOIS DEPARTMENT
OF NATURAL RESOURCES

BRENT MANNING,
NATURAL RESOURCE TRUSTEE

11 Jan 2K
Date

ILLINOIS ENVIRONMENTAL
PROTECTION AGENCY

THOMAS SKINNER,
NATURAL RESOURCE TRUSTEE

21 Jan 2000
Date

Date

Date

PEOPLE OF THE STATE OF ILLINOIS,
ex rel. JAMES E. RYAN,
Attorney General of the
State of Illinois,

MATTHEW J. DUNN, Chief
Environmental Enforcement/
Asbestos Litigation Division

By: ROSEMARIE CAZEAU, Chief
Environmental Bureau
Assistant Attorney General

FOR LAKEHEAD PIPE LINE COMPANY, INC.

Name: Lawrence H. DeBriyn
Title: Vice President
Address: 21 W. Superior Street
Lake Superior Place
Duluth, MN 55802-2067

Jan 25, 2000
Date

FOR LAKEHEAD PIPE LINE COMPANY, LIMITED PARTNERSHIP,
BY LAKEHEAD PIPE LINE COMPANY, INC. AS GENERAL PARTNER

Name: Lawrence H. DeBriyn
Title: Vice President
Address 21 W. Superior Street
Lake Superior Place
Duluth, MN 55802-2067

Jan 25, 2000
Date