



MERIT ENERGY COMPANY

1510 Thomas Road · P.O. Box 910 · Kalkaska, MI 49646
Ph 231.258.6400 · Fx 231.258.6355

November 14, 2008

Certified Mail

Michigan Electric Transmission Company,
ITC Holdings Company
Attention: Fernando Guevara
Property Manager Specialist
27175 Energy Way
Novi, MI 48377

**SUBJECT: Proposed 20-Foot Wide Easement for Gas Pipeline
File No. Otsego 68**

REFERENCE: Amended and Restated Easement Agreement (the "Agreement") dated April 29, 2002, between Consumers Energy Company ("Consumers") and Michigan Electric Transmission Company, now Michigan Electric Transmission Company, LLC ("METC")

Merit Energy Company ("Merit") has requested an easement from Consumers on certain land in which METC has an interest under the referenced Agreement. The location of said land is set forth on "Annex A", attached to this letter.

Pursuant to Section 7.1 of the Agreement, we hereby notify METC that Merit intends to construct a single 3-inch steel gas pipeline on said land. A further description of the intended use is also set forth on Annex A to this letter.

Under said Section 7.1 of the Agreement, METC must within 30 days of this notice notify Merit, as "Initiating User," of whether or not METC approves the proposed use as a Compatible Use. If you do not notify us either way within 30 days of this notice, then, as provided in said Section 7.1, METC will be deemed to have approved the proposed use as being a Compatible Use. We would appreciate, however, receiving METC's express approval of the proposed use as being a Compatible Use as soon as possible so that we can start work without delay.

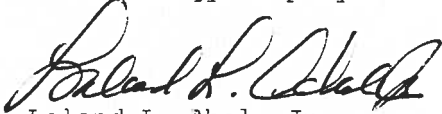
This letter is being sent to you in triplicate. If METC agrees that the proposed use is a Compatible Use, please indicate your approval by signing and returning a copy of this letter to Merit as soon as possible. As called for in Section 7.1 of the Agreement, please also send one signed copy of this letter to Consumers, at:

Consumers Energy Company
One Energy Plaza
Jackson, Michigan 49201
Attention: (Sandy Wigent, EP7-468)

and the last copy may be retained by METC for its records.

Very truly yours,

Merit Energy Company



Leland L. Abel, Jr.
Landman

APPROVED:

MICHIGAN ELECTRIC TRANSMISSION COMPANY,
LLC

By: _____

Date: 12/17/2009

ANNEX A

Otsego 68

LAND TO BE IMPACTED:

That certain strip of land in the NE $\frac{1}{4}$ of Section 3, T29N, R2W, Township of Chester, Otsego County, State of Michigan.

See attached Survey and Description.

PROPOSED USE:

A 20-foot wide easement for a 3-inch diameter steel gas pipeline.

The pipeline will allow Merit Energy Company to consolidate operations by decommission and removal of the Chester 10 Central Production Facility. Oil and gas production would be re-routed through the pipeline for processing at the Chester 34 Central Production Facility.

The State of Michigan has approved pipeline easements across state-owned lands to complete the right of way.

See attached Survey, Plan and Profile.



Date: December 9, 2008

To: Fernando Guevara
Real Estate and Rights of Way
ITC


From: David G. Doubley
Engineering
ITC

Subject: **UOS081571/ CU-368**
Proposed 20 ft. wide easement for gas line.
Reference No. File No. Otsego 68.

This request is approved under the following condition.

1. We propose that the right of width for this 3" pipe should be reduced to 5 feet. A temporary easement of 20 ft can be provided for construction.

Approved By:



David Doubley
Staff Engineer



Real Estate and Claims Division

**Project No: UOS081571
CU-368**

Date: November 14, 2008

To: David Doubley

From: Fernando Guevara
Real Estate

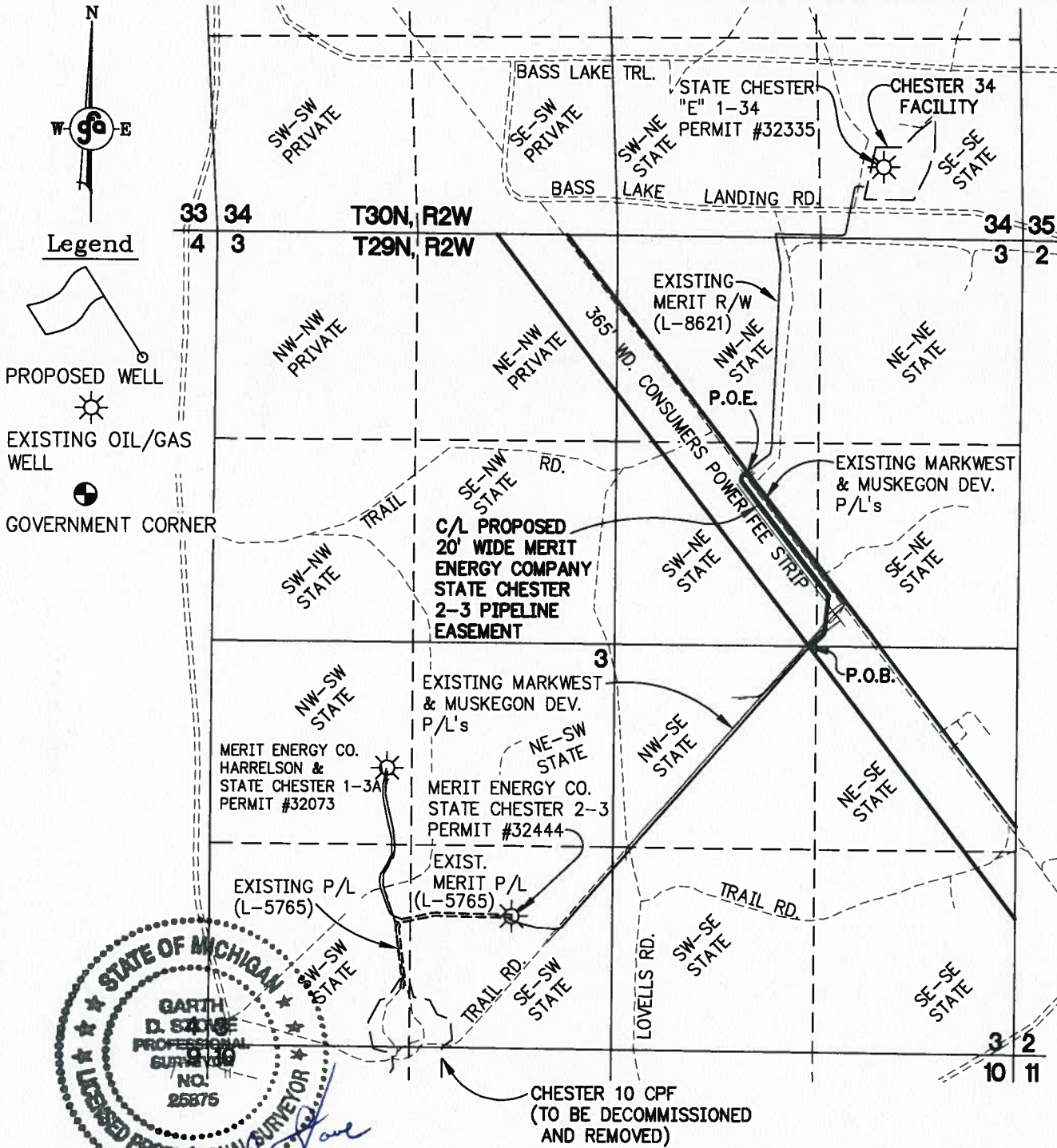
Subject: Proposed 20-foot wide easement for gas pipeline
CE Reference No. File No. Otsego 68

The attached request was received from Merit Energy Company. Merit Energy Company is proposing a 20-foot easement for a 3-inch diameter steel gas pipeline. The pipeline will allow Merit Energy Company to consolidate by decommissioning and removal of the Chester 10 Central Production Facility. Oil and gas production would be re-routed through the pipeline for processing at the Chester 34 central Production Facility. Furthermore, pursuant to the Amended and Restated Easement Agreement, METC/ITC needs to submit a response letter to CE and Merit Energy Company by ***December 17, 2008.***

Please review and return to my attention with your recommendations/comments.

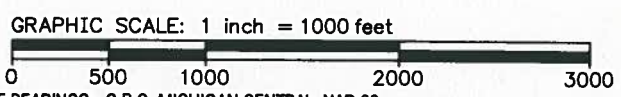
Attachments

CMS ENERGY PIPELINE EASEMENT EXHIBIT



Legend

- PROPOSED WELL
- EXISTING OIL/GAS WELL
- GOVERNMENT CORNER



REVISED 111308, CDL

PREPARED FOR: **MERIT ENERGY COMPANY**

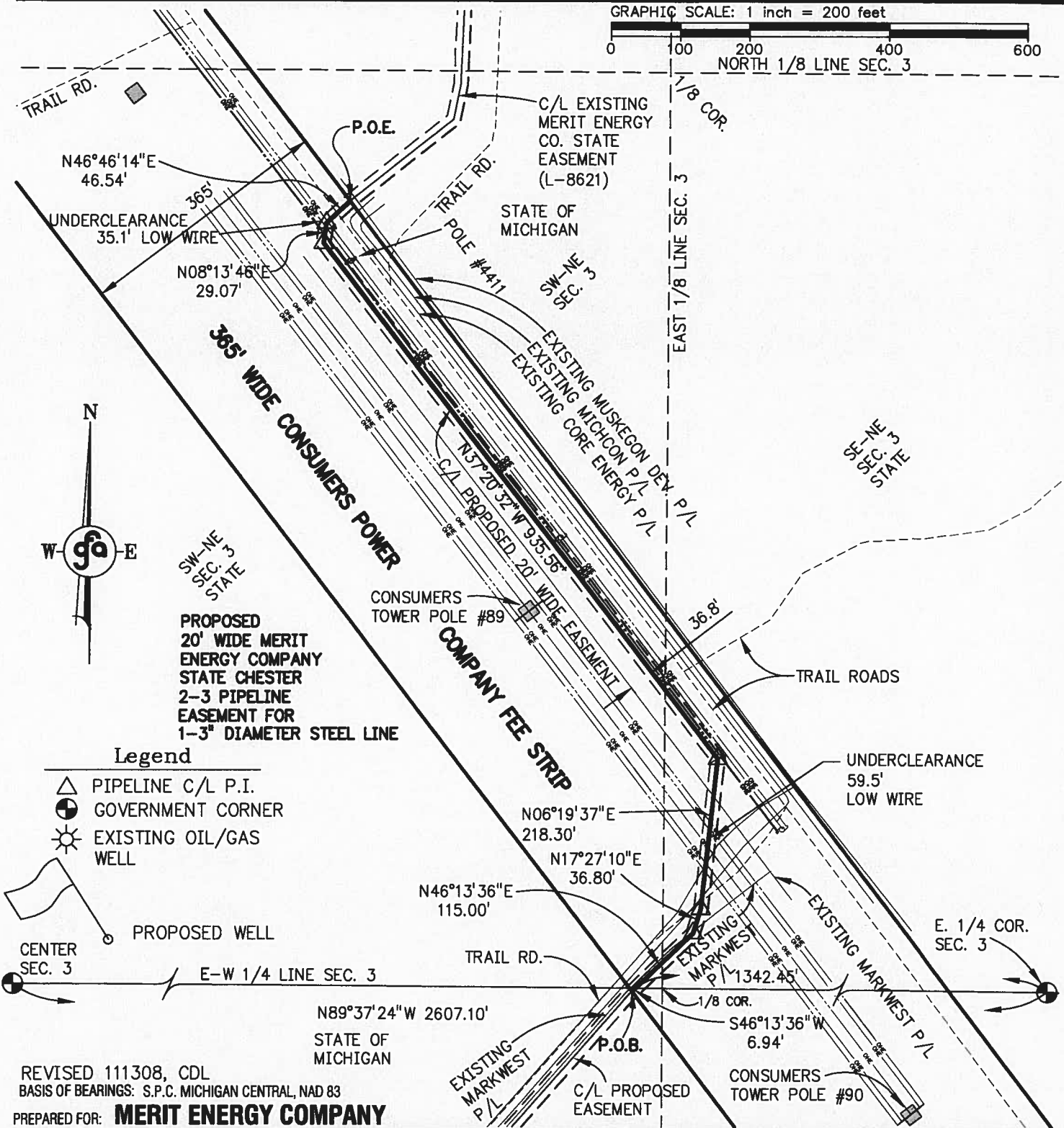
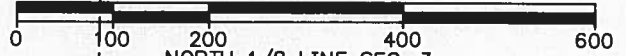
BASIS OF BEARINGS: S.P.C. MICHIGAN CENTRAL, NAD 83

THESE DOCUMENTS ARE PREPARED IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE CONTRACT FOR THIS PROJECT.

PH 231.946.5874 FAX 231.946.3703 WWW.gourdlefraser.com 123 W. Front Street Traverse City, MI 49684	Municipal Development Transportation	Location: SOUTH CHESTER 10 CPF CONSOLIDATION PROJECT PARTS OF SECTION 3, T29N-R02W, S. CHESTER TWP., OTSEGO CO., MI	DATE: 08-25-08 P.M.: PHIL CASE DR.: CDL CKD: PDC
		05150	
		SHT 1 OF 3	
		T:\PROJECTS\05150-RESTORED FOR DAVE L 11-13-08\DWG\05150_CALC_REV_06-30-08.DWG (11-13-08 3:03 PM) DLEWIS	

CMS ENERGY PIPELINE EASEMENT EXHIBIT

GRAPHIC SCALE: 1 inch = 200 feet



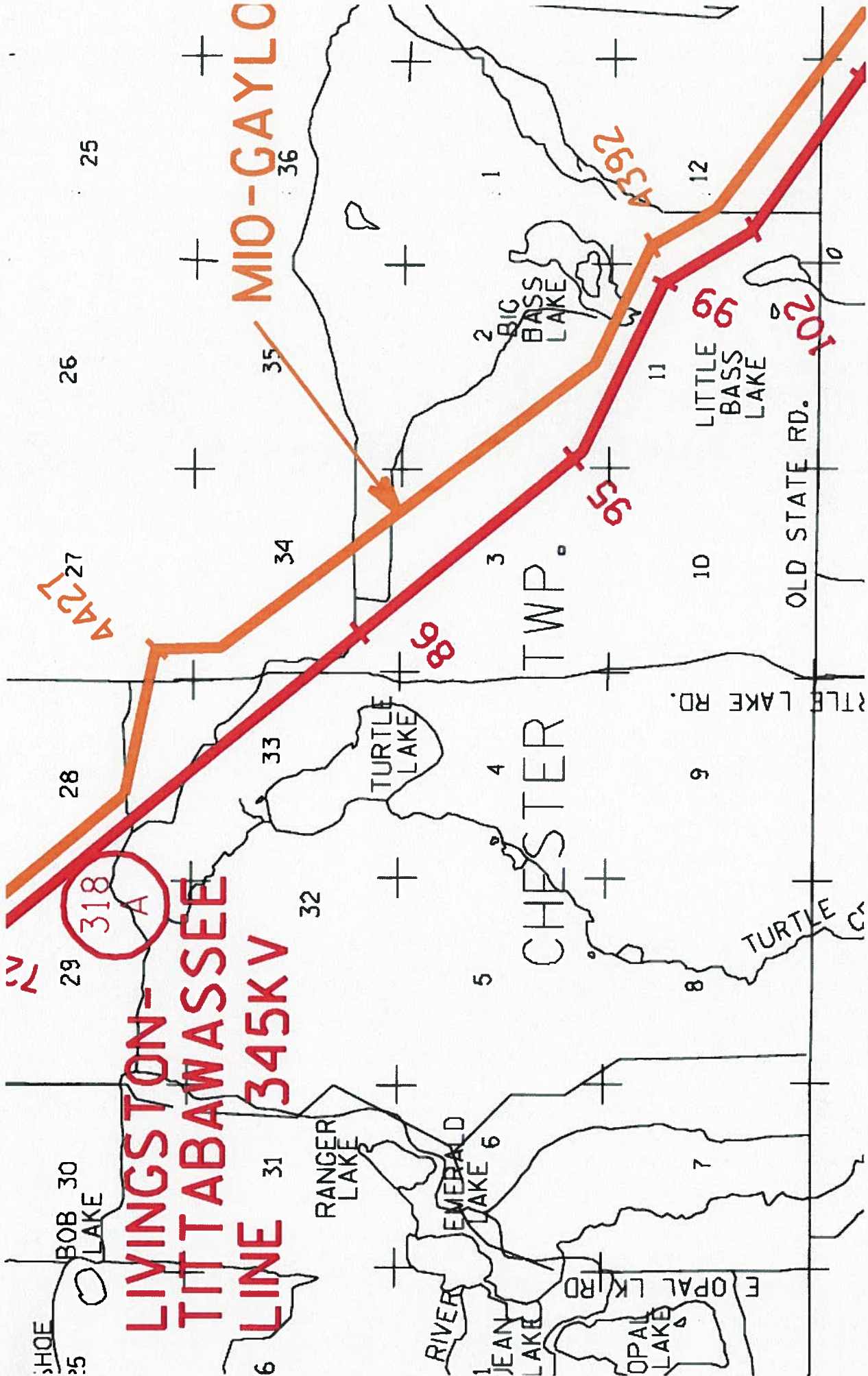
Legend

- PIPELINE C/L P.I.
- GOVERNMENT CORNER
- EXISTING OIL/GAS WELL
- PROPOSED WELL

REVISED 111308, CDL
 BASIS OF BEARINGS: S.P.C. MICHIGAN CENTRAL, NAD 83
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		05150	
		SHT 2 OF 3	



Section 3. Part of E 1/2, Commencing at N 1/4 corner said section, thence S 00°04'54" W along N and S 1/4 line 424.19 feet to point of beginning, S 00°04'54" W along N and S 1/4 line 600.61 feet, S 37°20'33" E 4,285.75 feet to E section line, N 00°10'04" E along E section line 599.44 feet, N 37°20'33" W 4,287.23 feet to point of beginning.

CMS ENERGY PIPELINE EASEMENT EXHIBIT

LEGAL DESCRIPTION FOR PROPOSED MERIT ENERGY COMPANY STATE CHESTER 2-3 PIPELINE ACROSS CMS ENERGY OWNED LANDS

A parcel of land situated in the Township of South Chester, County of Otsego, State of Michigan and described as-follows, to-wit:

That part of the East ½ of Section of Section 3, Town 29 North, Range 02 West, described as being a strip of land 20 feet in width, lying 10 feet on each side of and adjacent to a pipeline easement centerline being more particularly described as:

Commencing at the East ¼ corner of said Section 3;
 thence North 89°37'24" West, 1342.45 feet,
 along the East and West ¼ line of said Section 3, to a point on the centerline of the said 20 foot wide Merit Energy Company "State Chester 2-3 Pipeline Easement across Consumers Power Company Feet Strip" ;
 thence South 46°13'36" West, 6.94 feet,
 along said easement centerline, to a point on the Southwesterly line of a 365-foot wide Consumers Power Company Feet Strip, and to the Point of Beginning of the said 20 foot wide Merit Energy Company "State Chester 2-3 Pipeline Easement across CMS Energy lands" ;
 thence North 46°13'36" East, 6.94 feet, along said easement centerline, to a point on the East and West ¼ line of said Section 3;
 thence North 46°13'36" East, 115.00 feet, continuing along said easement centerline;
 thence North 17°27'10" East, 36.80 feet, continuing along said easement centerline;
 thence North 06°19'37" East, 218.30 feet, continuing along said easement centerline;
 thence North 37°20'32" West, 935.56 feet, continuing along said easement centerline;
 thence North 08°13'46" East, 29.07 feet, continuing along said easement centerline;
 thence North 46°46'14" East, 46.54 feet, continuing along said easement centerline, to a point on the Northeasterly line of a 365-foot wide Consumers Power Company Feet Strip, said point also being the Point of Ending on the centerline of said 20 foot wide pipeline easement.


Containing 1388.21 lineal feet, (27,764.2 square feet), of pipeline easement.

The sidelines of said pipeline easement are to lie 10 feet on either side of and parallel to the above described easement centerline, are to be trimmed or extended to meet at angle points, are to begin at a point at their intersection with the said Southwesterly line of and existing 365-foot wide Consumers Power Company Fee Strip, and to end at their intersection with the said Northeasterly line of and existing 365-foot wide Consumers Power Company Fee Strip

BASIS OF BEARINGS: S.P.C. MICHIGAN CENTRAL, NAD 83 REVISED 111308, CDL

PREPARED FOR: **MERIT ENERGY COMPANY**

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