

PRESIDENTIAL PERMIT

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AUTHORIZING LAKEHEAD PIPE LINE COMPANY  
TO CONNECT, CONSTRUCT, OPERATE AND MAINTAIN A  
PIPELINE AT THE INTERNATIONAL BOUNDARY LINE  
BETWEEN THE UNITED STATES AND CANADA

By virtue of the authority vested in me as President of the United States of America, and subject to the acceptance of the conditions, provisions and requirements hereinafter set forth, permission is hereby granted to Lakehead Pipe Line Company, Incorporated, a Delaware corporation having its main office at 3025 Tower Avenue, Superior, Wisconsin (hereinafter referred to as "permittee"), to construct, operate, and maintain a pipeline system for crude oil and other liquid hydrocarbons at the international boundary line between the United States and Canada in Pembina County, North Dakota, and to connect such facilities with like facilities in the Province of Manitoba, Canada.

The term "facilities" as used in this permit means the pipeline system and all land, structures, installations, and equipment appurtenant thereto.

The term "United States facilities" as used herein means that part of the facilities in the United States.

The facilities, of which the United States facilities covered by and subject to this permit are a part, are described as follows:

a. A 34-inch pipeline for crude oil and other liquid hydrocarbons manufactured and installed substantially as described in the attached application dated August 31, 1967, which application together with the exhibits attached thereto is made a part of this permit. Said pipeline shall connect at the international boundary line with a liquid hydrocarbon pipeline system to be constructed in the Province of Manitoba, Canada.

The permittee shall furnish, install, and maintain or cause to be furnished, installed, and maintained, such metering facilities as are required by the Commissioner of Customs, provided with an adequate proving system or systems, to be installed and operated in accordance with American Petroleum Institute Code No. 1101, and a suitable sampling device or devices; the installation and operation of said facilities to be subject to the approval of the Commissioner of Customs. The conditions and times of meter reading, meter proving, and sampling shall be as directed by the Commissioner of Customs.

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The above-described facilities shall be situated at such location or locations as will be acceptable to the Commissioner of Customs and to permittee.

b. An existing pipeline for crude oil and other liquid hydrocarbons, located in Pembina County, North Dakota, manufactured to American Petroleum Institute specification 5LX, with an outside diameter of 18 inches, a wall thickness of .281 inches, minimum yield strength of 46,000 pounds per square inch, a coating of coal tar enamel, tested to 1,000 pounds per square inch after installation, the said pipeline continuing for at least forty feet on each side of the international boundary and buried to a depth of 3 feet below ground level, said pipeline connected at the international boundary line with like facilities in the Province of Manitoba, Canada.

c. An existing pipeline for crude oil and other liquid hydrocarbons, located in Pembina County, North Dakota, manufactured to American Petroleum Institute specification 5LX, with an outside diameter of 26 inches, a wall thickness of .281 inches, minimum yield strength of 52,000 pounds per square inch, a coating of coal tar enamel, tested to 1,010 pounds per square inch after installation, the said pipeline continuing for at least forty feet on each side of the international boundary and buried to a depth of 3 feet below ground level, said pipeline connected at the international boundary line with like facilities in the Province of Manitoba, Canada.

The effectiveness of this permit to authorize connection of the United States facilities at the international boundary line with the facilities located in Canada is subject to the issuance by the appropriate authorities in Canada to a company or companies, operating in Canada, of the necessary authorization for the construction, operation, and maintenance of the facilities located in Canada and for their connection with the United States facilities at the international boundary line.

This permit is subject to such conditions as the President of the United States may see fit, expedient or necessary hereafter to impose; is subject to the acquisition by the permittee of a servitude of passage or right-of-way, valid under the laws of the State of North Dakota from any and all persons owning or asserting an interest of any nature or kind whatsoever in and to the land in the United States in the vicinity of the point of connection between the United States facilities and the facilities located in Canada; and is subject to the following further conditions:

Article 1. It is expressly agreed by the permittee that the United States facilities and operations herein described shall be subject to all the conditions, provisions and requirements of this permit or any amendment thereof, further that this permit may be terminated at the will of the President of the United States or may be amended by the President of the United States at will or upon proper application therefor, further that the permittee shall make no substantial change in the location of the United States facilities or in the operation authorized by this permit until such changes shall have been approved by the President of the United States.

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Article 2. The construction, connection, operation, and maintenance of the United States facilities shall be subject to inspection and approval by the representatives of any Federal or State agency concerned. The permittee shall allow duly authorized officers and employees of such agencies free and unrestricted access to said facilities in the performance of their official duties.

Article 3. Upon the termination, revocation, or surrender of this permit, the United States facilities in the immediate vicinity of the international boundary line shall be removed by and at the expense of the permittee within such time as the President of the United States may specify, and upon failure of the permittee to remove this portion of the United States facilities as ordered, the President of the United States may direct that possession of such facilities be taken and that they be removed at the expense of the permittee; and the permittee shall have no claim for damages by reason of such possession or removal.

Article 4. The transportation of crude oil and other liquid hydrocarbons through the United States facilities shall be in all respects subject to the power of Congress under its authority to regulate commerce as applied to the business of this permittee.

Article 5. This permit is subject to the limitations, terms and conditions contained in any orders issued by any competent agency of the United States Government with respect to the United States facilities or the crude oil and other liquid hydrocarbons transported thereby, and shall continue in force and effect only so long as the permittee shall continue the operations hereby authorized in exact accordance with such limitations, terms and conditions.

Article 6. The permittee agrees that when, in the opinion of the President of the United States, the national security of the United States demands it, due notice being given, the United States shall have the right to enter upon and take possession of any of the United States facilities or parts thereof and to take such measures as it deems necessary with respect to all contracts of the permittee covering the transportation or sale of crude oil and other liquid hydrocarbons by means of said United States facilities; to retain possession, management and control thereof for such length of time as may appear to the President to be necessary to accomplish said purposes; and thereafter to restore possession and control to the permittee. In the event that the United States shall exercise such right, it shall pay to the permittee just and fair compensation for the use of such United States facilities

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upon the basis of a reasonable profit in normal conditions, and the cost of restoring said facilities to as good condition as existed at the time of entering and taking over the same, less the reasonable value of any improvements that may have been made by the United States.

Article 7. Neither this permit nor the United States facilities nor any part thereof covered by this permit shall be voluntarily transferred in any manner. In the event of an involuntary transfer of the United States facilities or any part thereof by operation of law (including transfers to receivers, trustees, or purchasers under foreclosure or judicial sale) the permit shall continue in effect temporarily for a reasonable time pending the making of an application by the transferee for a permanent permit and decision thereon, provided that notice of such involuntary transfer is given promptly in writing to the Department of State of the United States accompanied by a statement by the transferee under oath that the United States facilities and the operation and maintenance thereof authorized by this permit will remain substantially the same as before the involuntary transfer. Notwithstanding the foregoing, the United States facilities or any part thereof covered by this permit may be transferred to the Chase Manhattan Bank, as Trustee under the Mortgage and Deed of Trust dated as of October 1, 1949. In this case this permit shall continue in effect subject to all the limitations, terms and conditions herein stated.

Article 8.

(1) The permittee shall maintain the United States facilities and every part thereof in a condition of good repair for their safe operation in the transportation of crude oil and other liquid hydrocarbons.

(2) The permittee shall take reasonable precautions to prevent and suppress fires, explosions or leakage and to avert any conditions on the land traversed or waters affected by the United States facilities which might endanger the safety of these facilities.

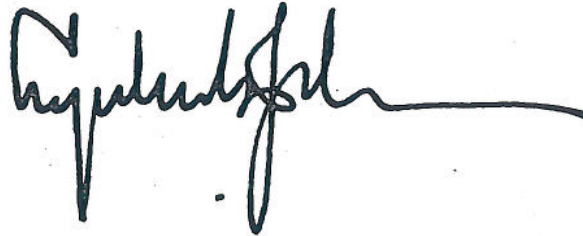
(3) The permittee shall save harmless the United States from any claimed or adjudged liability arising out of the construction, operation, or maintenance of the facilities.

Article 9. The permittee agrees to file with the appropriate agencies of the Government of the United States such statement or reports under oath with respect to the United States facilities, the crude oil and other liquid hydrocarbons transported thereby, and/or permittee's activities and operations in connection therewith, as are now or as may hereafter be required under any laws or regulations of the Government of the United States or its agencies.

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Article 10. The permittee shall send notice to the Department of State of the United States at such time as the connection authorized by this permit is made at the international boundary line between the United States facilities and the facilities located in Canada.

IN WITNESS WHEREOF, I, LYNDON B. JOHNSON, President of the United States of America, have hereunto set my hand this 22nd day of January, 1968, in the City of Washington, District of Columbia.

A handwritten signature in black ink, appearing to be "Lyndon B. Johnson", with a long horizontal flourish extending to the right.

SIGNATURE

AUTHORIZING LAKEHEAD PIPELINE COMPANY, LIMITED PARTNERSHIP  
TO OPERATE AND MAINTAIN  
FOUR PIPELINES AT THE  
INTERNATIONAL BOUNDARY LINE BETWEEN THE  
UNITED STATES AND CANADA

By virtue of the authority vested in me as Under Secretary of State for Economic Affairs of the United States (pursuant to Executive Order 11423 of August 16, 1968 and Department of State Delegation of Authority No. 118-1 of April 11, 1973) and subject to the acceptance of the conditions, provisions, and requirements hereinafter set forth, permission is hereby granted to Lakehead Pipe Line Company, Limited Partnership, a Delaware corporation having its principal office at Ontario, Canada, (hereinafter referred to as "permittee") to operate and maintain a pipeline on the borders of the United States in Pembina County, North Dakota for the transport of liquid hydrocarbons between the United States and Canada and to connect this pipeline with like facilities in Canada.

The term "facilities" as used in this permit means the pipelines and any land, structures, installations or equipment appurtenant thereto.

The term "United States facilities" as used in this permit means that part of the facilities in the United States.

As stated in permittee's application of October 23, 1991 for a permit pursuant to Executive Order 11423, the United States facilities of the pipeline project will consist of the following major components:

a. an existing 34-inch pipeline for crude oil and other liquid hydro-carbons.

The permittee shall maintain such metering facilities as are required by the Commissioner of Customs, provided with an adequate proving system, to be installed and operated in accordance with American Petroleum Institute Code No. 1101, and a suitable sampling device; the installation and operation of said meter, proving system, and sampling device to be subject to the approval of the Commissioner of Customs. The conditions and times of meter reading, meter proving, and sampling shall be as directed by the Commissioner of Customs.

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b. an existing pipeline for crude oil and other liquid hydro-carbons, located in Pembina County, North Dakota, manufactured to American Petroleum Institute specification 5LX, with an outside diameter of 18 inches, a wall thickness of .281 inches, minimum yield strength of 46,000 pounds per square inches, a coating of coal tar enamel, tested to 1,000 pounds per square inch after installation, the said pipeline continuing for at least forty feet on each side of the international boundary and buried to a depth of 3 feet below ground level, said pipeline connected at the international boundary line with like facilities in the Province of Manitoba, Canada.

c. an existing pipeline for crude oil and other liquid hydro-carbons, located in Pembina County, North Dakota, manufactured to American Petroleum Institute specifications 5LX, with an outside diameter of 26 inches, a wall thickness of .281 inches, minimum yield strength of 52,000 pounds per square inch after installation, tar enamel, tested to 1,010 pounds per square inch after installation, the said pipeline continuing for at least forty feet on each side of the international boundary and buried to a depth of three feet below ground level, said pipeline connected at the international boundary line with like facilities in the Province of Manitoba, Canada.

d. an existing pipeline for crude oil and other liquid hydro-carbons, located in Pembina County, North Dakota, manufactured to American Petroleum Institute specifications 5LX, with an outside diameter of 18 inches, a wall thickness of .281 inches, minimum yield strength of 46,000 pounds per square inch after installation, a coating of coal tar enamel, tested to 1,000 pounds per square inch after installation, the said pipeline continuing for at least forty feet on each side of the international boundary and buried to a depth of 3 feet below ground level, said pipeline connected at the international boundary line with like facilities in the Province of Manitoba, Canada.

This permit is subject to the following conditions:

Article 1. It is expressly agreed by the permittee that the United States facilities and operations herein described shall be subject to all the conditions, provisions, and requirements of this permit or any amendment thereof, further that this permit may be terminated at the will of the Secretary of State of the United States or his delegate or may be amended by the Secretary of State of the United States or his delegate at will or upon proper application therefor, further that the permittee shall make no substantial change in the location of the United States facilities or in the operation authorized by this permit until such changes shall have been approved by the Secretary of State of the United States or his delegate.

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Article 2. The operation and maintenance of the facilities shall be in all material respects as described in permittee's application of October 23, 1991 for a permit pursuant to Executive Order 11423.

Article 3. The construction, connection, operation, and maintenance of the United States facilities shall be subject to inspection and approval by the representatives of any Federal or State agency concerned. The permittee shall allow duly authorized officers and employees of such agencies free and unrestricted access to said facilities in the performance of their official duties.

Article 4. Permittee shall comply with all applicable Federal and State laws and regulations regarding the construction, operation, and maintenance of the United States facilities.

Article 5. Upon the termination, revocation, or surrender of this permit, the United States facilities in the immediate vicinity of the international boundary line shall be removed by and at the expense of the permittee within such time as the Secretary of State of the United States or his delegate may specify, and upon failure of the permittee to remove this portion of the United States facilities as ordered, the Secretary of State of the United States or his delegate may direct that possession of such facilities be taken and that they be removed at the expense of the permittee; and the permittee shall have no claim for damages by reason of such possession or removal.

Article 6. This permit is subject to the limitations, terms, and conditions contained in any orders issued by any competent agency of the United States Government or of the State of Michigan with respect to the United States facilities. This permit shall continue in force and effect only so long as the permittee shall continue the operations hereby authorized in accordance with such limitations, terms, and conditions.

Article 7. The permittee agrees that when, in the opinion of the President of the United States, the national security of the United States demands it, due notice being given by the Secretary of State of the United States or his delegate, the United States shall have the right to enter upon and take possession of any of the United States facilities or parts thereof; to retain possession, management, and control thereof for such length of time as may appear to the President to be necessary to accomplish said purposes; and thereafter to restore possession and control to the permittee. In the event

that the United States shall exercise such right, it shall pay to the permittee just and fair compensation for the use of such United States facilities upon the basis of a reasonable profit in normal conditions, and the cost of restoring said facilities to as good conditions as existed as the time of entering and taking over the same, less the reasonable value of any improvements that may have been made by the United States.

Article 8. In the event of transfer of the United States facilities or any part thereof, this permit may remain in force thereafter if the transferee agrees, and notifies the Department of State in writing, that it will comply with all the conditions, provisions, and requirements of this permit or any amendment thereof.

Article 9. (1) The permittee shall maintain the United States facilities and every part thereof in a condition of good repair for their safe operation.

(2) The permittee shall take reasonable precautions to prevent and suppress fires, explosions, or leakage and to avert any conditions on the land traversed or waters affected by the United States facilities which might endanger the safety of these facilities.

(3) The permittee shall save harmless the United States from any claimed or adjudged liability arising out of the construction, operation, or maintenance of the facilities.

Article 10. The permittee shall acquire such right-of-way grants, easements, permits, and other authorizations as may become necessary and appropriate.

Article 11. The permittee agrees to file with the appropriate agencies of the Government of the United States such statements or reports under oath with respect to the United States facilities, and/or permittee's activities and operations in connection therewith, as are now or as may hereafter be required under any laws or regulations of the Government of the United States or its agencies.

Article 12. The permittee shall send notice to the Department of State of the United States at such time as the connection authorized by this permit is made at the international boundary line between the United States facilities and the facilities located in Canada.

IN WITNESS WHEREOF, I, Robert B. Zoellick, Under Secretary of State for Economic Affairs of the United States, have hereunto set my hand this 12TH day of DECEMBER, 1991, in the City of Washington, District of Columbia.

Robert B. Zoellick

*Lakehead Pipe Line Company, Inc.*

D. C. WALDON,  
President

Room 901, 7 King St. East  
Toronto 1, Ontario

August 31, 1967

The Honourable,  
The Secretary of State,  
Washington, D. C.

Dear Sir:

Lakehead Pipe Line Company, Inc. ("Lakehead"), a Delaware corporation incorporated on the 29th August, 1949, and having its main office at 3025 Tower Avenue, Superior, Wisconsin, hereby applies for the issuance by the President of the United States of America of a licence to construct and operate a 34 inch pipe line crossing of the international boundary between the United States and Canada. The proposed crossing is to parallel two existing pipe line crossings of such boundary. The proposed construction is an integral part of a current expansion program of the existing Interprovincial-Lakehead pipe line system for the transportation of liquid hydrocarbons, as outlined below.

The point of crossing is approximately  $1\frac{1}{2}$  miles North East of the Town of Neche in Pembina County in the State of North Dakota, United States, and  $1\frac{1}{2}$  miles East of the Town of Gretna in the Province of Manitoba, Canada, and may be described as follows: From a base point, the International Boundary Commission's Concrete Reference Monument No. 818 at Latitude N.  $49^{\circ}00'01.89''$  Longitude W.  $97^{\circ}31'31.78''$  westerly a distance of 1595.97 feet calculated. The crossing will be a dry land crossing, the nearest body of water being the Pembina River approximately  $1\frac{1}{2}$  miles to the south.

The facilities in respect of the proposed 34 inch pipe line at the international boundary are as follows:

A pipe line of pipe manufactured to American Petroleum Institute specification 5LX, with an outside diameter of 34 inches, a wall thickness of .375 inches, minimum yield strength of 52,000 pounds per square inch, proposed test pressure after installation of 1028 pounds per square inch, a coating of polyethelene plastic tape, said pipe line to continue for at least 40 feet on each side of the international



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boundary, and to be buried to a depth of three feet below the ground.

The location and details of the proposed crossing of the international boundary are set forth in the attached plan marked Exhibit A. The crossing will be constructed in existing pipe line right-of-way granted by the owners of the land in Canada and the United States to Interprovincial and Lakehead respectively. As shown on Exhibit A, Interprovincial's Gretna Pump Station is situated approximately  $1\frac{1}{2}$  miles North West of the point of crossing and is the nearest station to the international boundary in either the United States or Canada which is manned at all times by trained personnel. From a safety point of view the system has been designed so that in the event of an emergency requiring the blocking of the flow of oil into the Lakehead portion of the system at the international boundary, a main line block valve located at Gretna Station would be closed with a minimum of delay by station personnel present.

Lakehead is a wholly-owned subsidiary of Interprovincial Pipe Line Company ("Interprovincial"), a corporation incorporated by Special Act of the Parliament of Canada, 13 George VI, Chapter 34, which presently owns and operates directly and through Lakehead a pipe line system for the transportation of liquid hydrocarbons, extending from the Village of Redwater, Alberta, to the Village of Port Credit, Ontario. The said pipe line system traverses the Provinces of Alberta, Saskatchewan and Manitoba in Canada, enters the United States at Neche, North Dakota, traverses the States of North Dakota, Minnesota, Wisconsin and Michigan, and re-enters Canada on the international boundary between the United States and Canada in the St. Clair River at a point approximately  $1\frac{1}{2}$  miles south of the common boundary between the Cities of Port Huron and Marysville, Michigan. Upon re-entering Canada, the pipe line traverses the Province of Ontario to the Village of Port Credit. A branch line of the system re-enters the United States on the international boundary between the United States and Canada in the west branch of the Niagara River at a point approximately  $3\text{-}3/4$  miles south of the Village of Chippawa in the Township of Willoughby and the County of Welland, Ontario, and terminates at a point in the Town of Grand Island in Erie County in the State of New York. The portion of the system located in Canada is owned and operated directly by Interprovincial, while that portion located in the United States is owned and operated by Lakehead. Attached hereto as Exhibit B is a map showing the Interprovincial-Lakehead system.

The crossing of the St. Clair River referred to above was the subject of a Presidential Permit issued under date of April 28th, 1959, and the crossing of the west branch of the Niagara River referred to above was the subject of a Presidential Permit issued under date of October 18, 1962.



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Lakehead is an interstate common carrier within the meaning of the Interstate Commerce Act and its operations are subject to that Act. Lakehead and Interprovincial file their joint tariffs to delivery points in the United States with the Interstate Commerce Commission. Interprovincial is subject to the provisions of the National Energy Board Act of Canada and files all of its tariffs with the National Energy Board.

In accordance with the procedures established by Lakehead with the Bureau of Customs and the Treasury Department the entire pipe line in the United States is operated as a bonded common carrier. Approximately 70% of the liquid hydrocarbons transported through the United States from the point of entry at Neche, North Dakota, re-enter Canada at the point of crossing of the international boundary in the St. Clair River. The remainder thereof is withdrawn from the pipe line in the United States, under customs supervision, for delivery to United States refineries and for the operation of certain of Lakehead's pump stations. All of the liquid hydrocarbons which re-enter the United States at the point of the Niagara River referred to above are transported by Lakehead direct to, and are delivered in, the Buffalo, New York refinery area.

As stated above, the proposed looping of the existing dry land pipe line crossing of the international boundary at Neche, North Dakota, is in connection with the current expansion program of the Interprovincial - Lakehead pipe line system which is required to meet 1968 forecast requirements of the Canadian (Ontario) and United States refinery areas presently served by it. This expansion involves the installation of additional line pipe and additional horsepower in both the United States and Canada by Lakehead and Interprovincial respectively. In Canada and in that portion of the system in the United States located between Neche, North Dakota and Superior, Wisconsin, the additional line pipe is and will, with certain very minor exceptions, be located within the existing rights-of-way of Interprovincial and Lakehead respectively.

The yearly average capacity of the system at the International Boundary near Neche, North Dakota is and in the future will be as follows:

At present	563,000 barrels per day
1968 following completion of 1967 construction program including the crossing applied for in this Application	678,000 barrels per day
Ultimate with three complete lines of pipe in operation and when fully powered	1,480,000 barrels per day



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The forecast initial shipments (first quarter of 1968 average) across the international boundary for delivery in the United States and re-entry into Canada at Sarnia, Ontario are 591,000 barrels per day.

To provide adequate reserve capacity east of Superior as soon as possible and to meet the forecast demand for Canadian crude oil east of Superior in 1969 and succeeding years, the capacity of the system between Superior and Sarnia, Ontario will have to be further increased and this can only be accomplished by the installation of additional line pipe. The additional line pipe could be installed along Lakehead's existing right-of-way but the more viable plan, and the one Lakehead has decided to adopt, is to construct a new pipe line between the two points via Chicago. This plan has the advantage of enabling deliveries to be made in the Chicago area should markets for Canadian crude oil develop in that area in the future.

The first step in this plan will be the construction of a 34" line from Superior to Chicago to be completed in 1968. The oil required by the Detroit/Toledo refiners presently served by the system will then be transported through this line to the terminal of the Tecumseh Pipe Line Company near Griffith, Indiana and thence through the Tecumseh line to Cygnet, Ohio. From Cygnet the oil will be carried through the existing Buckeye pipe line system to the Detroit/Toledo areas as shown on the attached map marked Exhibit C. This would immediately free space in the existing 30" line to serve the growing Ontario-Buffalo markets.

The second step will be to complete the line from Chicago to Sarnia with 30" pipe when the combined demand in Ontario and the United States, east of Superior, requires it. Providing suitable arrangements can be made with Buckeye Pipe Line Company to use its 16" pipe line from Toledo to Port Huron, it is anticipated that this step will be completed in two phases. The first phase will be to construct a 30" line from the terminal of the Buckeye system at Port Huron, Michigan to Sarnia (10 miles) likely in 1970. With this phase completed Lakehead will be able to use the route via Griffith, Cygnet and Port Huron to supply the additional Ontario and Buffalo requirements for several years. The second phase will be to complete the loop by constructing a 30" line from Griffith to Port Huron when required sometime in the early 1970's.

The only authorization required from the Government of Canada for the proposed crossing by Interprovincial is a Certificate of Public Convenience and Necessity from the National Energy Board of Canada pursuant to the provisions of the National Energy Board Act relative to the Canadian section of the pipe line system. This Certificate was issued to Interprovincial on March 21, 1967 being Certificate of Public Convenience and Necessity No. OC-20. The Certificate was amended as to minor details only by Order number AO-1-OC-20 of the National Energy Board dated July 13, 1967. Attached hereto as Exhibit D, parts 1 and 2 are copies of the said Certificate and Order. Interprovincial has also requested permission from



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the International Boundary Commission, United States and Canada, for the construction of the proposed pipe line crossing of the international boundary and Lakehead will furnish you with copies of this authorization when it is granted.

If the Presidential Permit, when granted, is to contain a provision restricting voluntary transfer of the facilities, it is hereby respectfully requested that there be included an exception for transfer to The Chase Manhattan Bank, as Trustee under the Mortgage and Deed of Trust dated as of October 1, 1949, as in the case of Article 7 of the Presidential Permit dated October 18, 1962.

Lakehead hereby requests that it be issued a perpetual Presidential Permit for the construction and operation of the above-mentioned 34 inch pipe line crossing at the international boundary between the United States and Canada.

Yours very truly,

D.G. Waldon

Atts.

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May 11, 1993

Hand Delivery

Mr. Don Grabenstetter  
Department of State  
Office of Global Energy  
2201 C Street, N.W.  
Room 3535  
Washington, D.C. 20520

Re: Presidential Permit Amendments

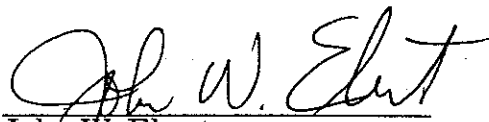
Dear Mr. Grabenstetter:

Pursuant to our telephone conversation of May 11, 1993, enclosed for your review is a copy of the Presidential Permit Application submitted by Lakehead Pipe Line Company, Limited Partnership ("Lakehead") on October 23, 1991. Attached to that application are copies of the Presidential Permits previously held by Lakehead's predecessor in interest, Lakehead Pipe Line Company Incorporated.

Also, for your information, the meters which are maintained near the international boundary are owned by United Refining of Warren Pennsylvania. I am advised that the meters are located at the interconnection of Lakehead and the Kiatone Pipeline, which is also owned by United Refining.

If you have any further questions, please do not hesitate to call me.

Sincerely,

  
John W. Ebert

Attorney for Lakehead Pipe Line  
Company, Limited Partnership

Enclosures

*McCormack*  
*10/23/91*  
*3.34 PM*

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October 23, 1991

The Honorable Richard T. McCormack  
Undersecretary for Economic Affairs  
Department of State  
2201 C Street, N.W.  
Washington, D.C. 20520-7512

Re: Presidential Permit Application

Dear Mr. McCormack

Lakehead Pipe Line Company, Limited Partnership ("Partners"), pursuant to Executive Order 11423 of August 16, 1968, herein applies for permits to operate and maintain at the International Boundary Line between the United States and Canada crude oil pipeline facilities currently operated and maintained by its predecessor, Lakehead Pipe Line Company, Inc, a Delaware corporation ("Lakehead"). This application is submitted to be effective coincident with the transfer of ownership of these pipeline facilities from Lakehead to Partners. The proposed transfer will involve no change in the physical plant or capabilities of the existing facilities, and the operations, charges, and arrangements now in place will continue unaffected.

I.

Lakehead is engaged in the regulated crude oil pipeline business. Lakehead is a wholly-owned subsidiary of Interprovincial Pipe Line Inc., a Canadian corporation ("IPL"). IPL owns and operates a 3,200 mile crude oil pipeline system which extends from western Canada through the upper and lower Great Lakes region of the United States to Sarnia, Ontario and Montreal, Quebec, with lateral lines to Nanticoke, Ontario and Buffalo, New York (the "IPL System"). Lakehead is the owner and operator of those segments of the IPL System within the United States (the "Lakehead System").

The IPL System receives its crude oil input at Edmonton, Alberta and delivers it into the Lakehead System at the International Boundary. The Lakehead System runs approximately 1,750 miles from the International Boundary near Neche, North Dakota to the International Boundary in Saint Claire County, Michigan. Delivery terminals along the pipeline allow oil to be delivered to refining centers in the United States while continuous transportation allows redelivery into the IPL System at Sarnia, Ontario. In 1990, approximately 50% of all crude oil throughput in the Lakehead System was reintroduced into the IPL System for distribution in eastern Canada.

The physical facility connections between the Lakehead system in the United States and the IPL System in Canada are operated and maintained by Lakehead pursuant to Presidential Permits granted to Lakehead in the 1960's.

Copies of these permits are attached. The facilities subject to these permits are located at the international boundary in Erie County, New York; Pembina County, North Dakota; and Saint Claire County, Michigan.

## II.

Partners is a Delaware limited partnership formed for the purpose of acquiring and operating the pipeline assets currently owned and operated by Lakehead. Granting Partners the Presidential Permits requested herein to operate the above facilities is a necessary corollary to the transfer by Lakehead of its assets to Partners, after which Lakehead's business will be conducted by Partners.


Partners will be operated as a wholly-owned subsidiary of Lakehead Pipe Line Partners, L.P. (the "MLP"). The structure of the MLP and Partners will be such that Lakehead will serve as the general partner, holding an effective 2% general and an 18% limited partner interest in the MLP and Partners. The remaining 80% limited partner interests will be sold to the general public. The current management of the Lakehead System will continue to manage and operate Partners' business. The employees of Lakehead will remain employees of Lakehead, but their services will be available to Partners as employees of Lakehead, the general partner. Consequently, operation of the facilities in question will continue to be conducted by those individuals who currently do so under the Presidential Permits issued to Lakehead.

## III.

Partners hereby request that Presidential Permits be granted permitting Partners to operate and maintain those facilities that are currently operated and maintained by Lakehead in accordance with the attached Presidential Permits. It is further requested that, since there will be no changes or additions to the facilities under permit, and because the current operations, charges, and terms of service will be unaffected by the new form of ownership, this application be expedited to the furthest degree possible.

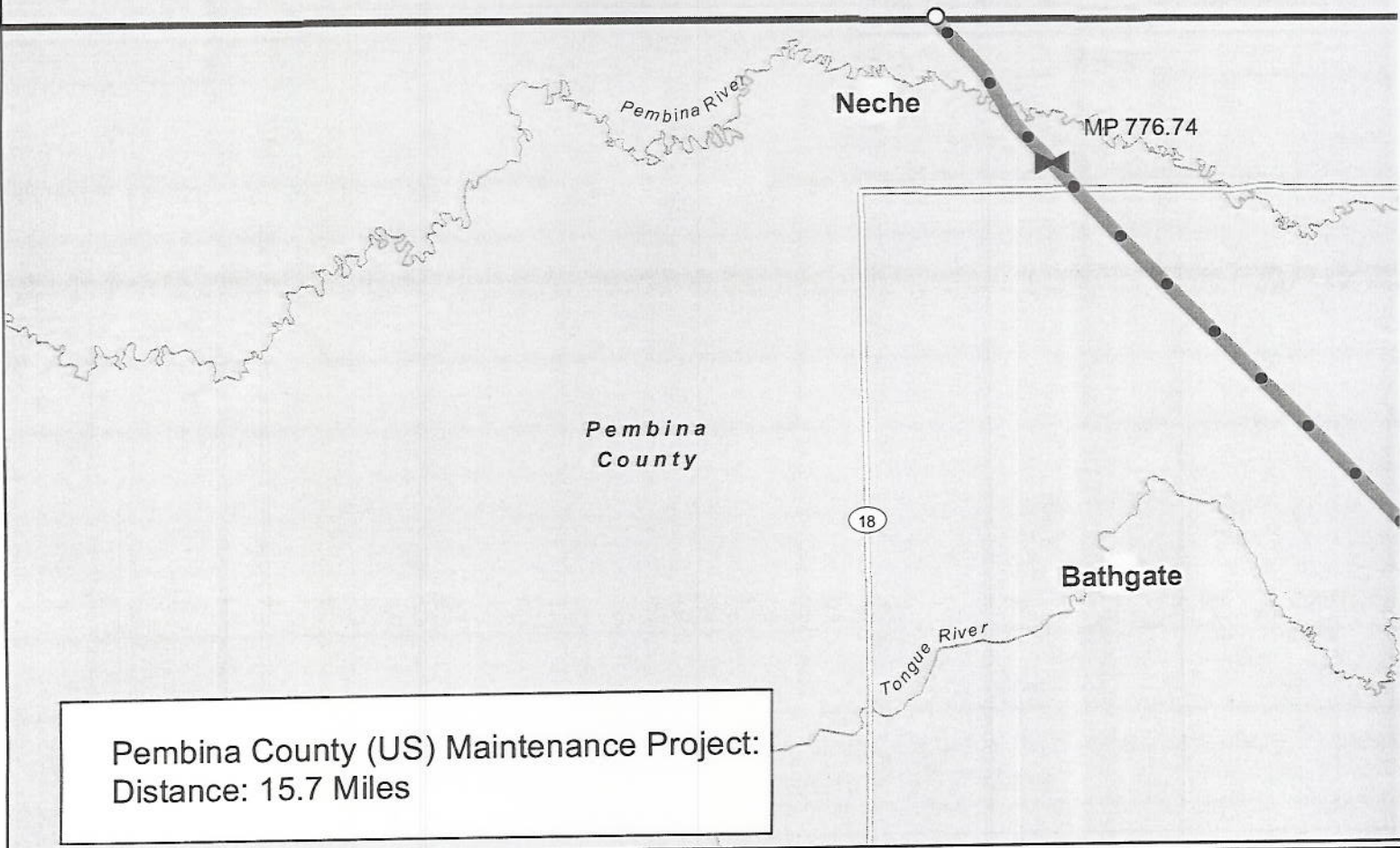
If there are any questions or request for further information, please feel free to contact the undersigned.

Sincerely,



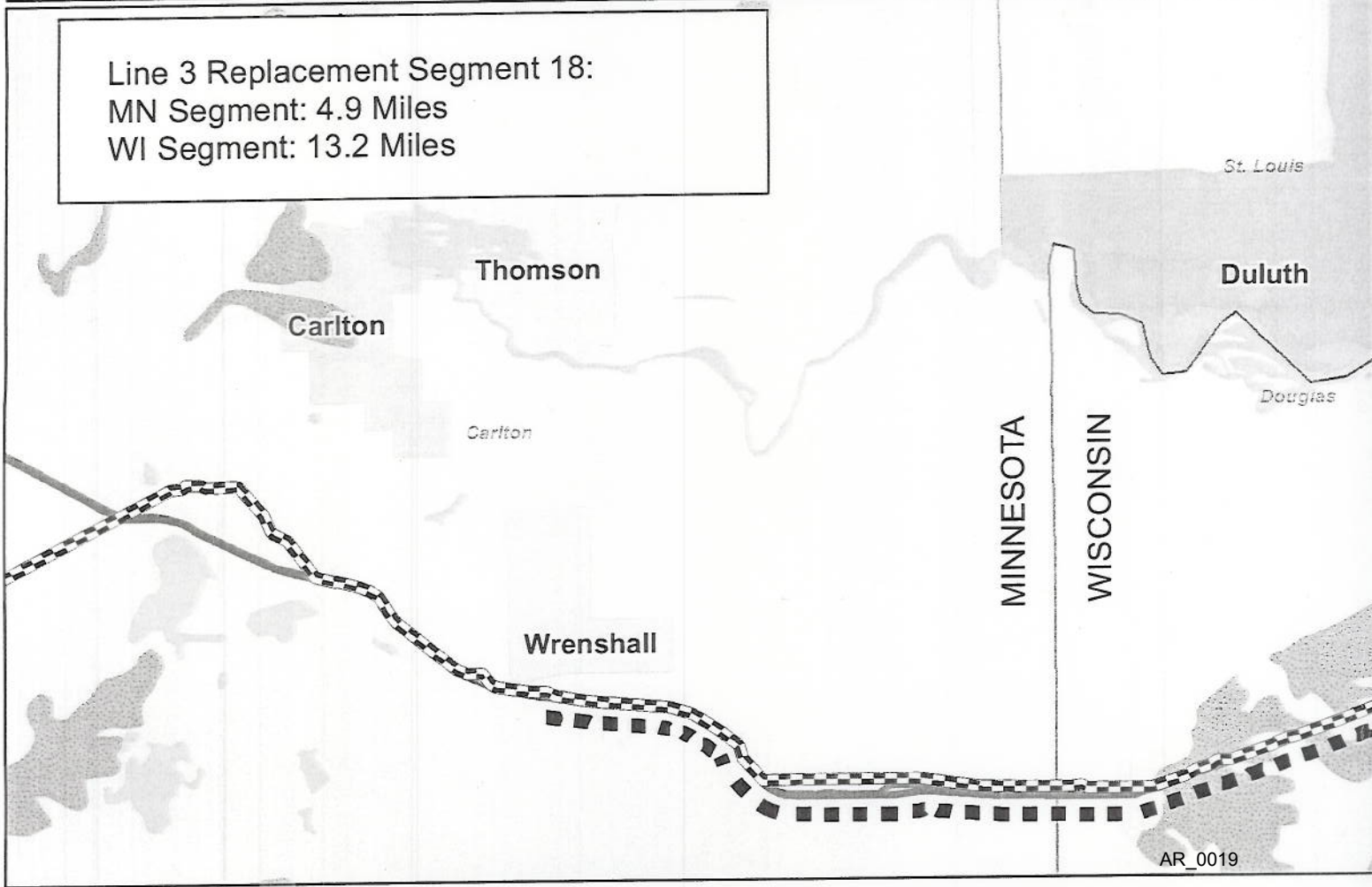
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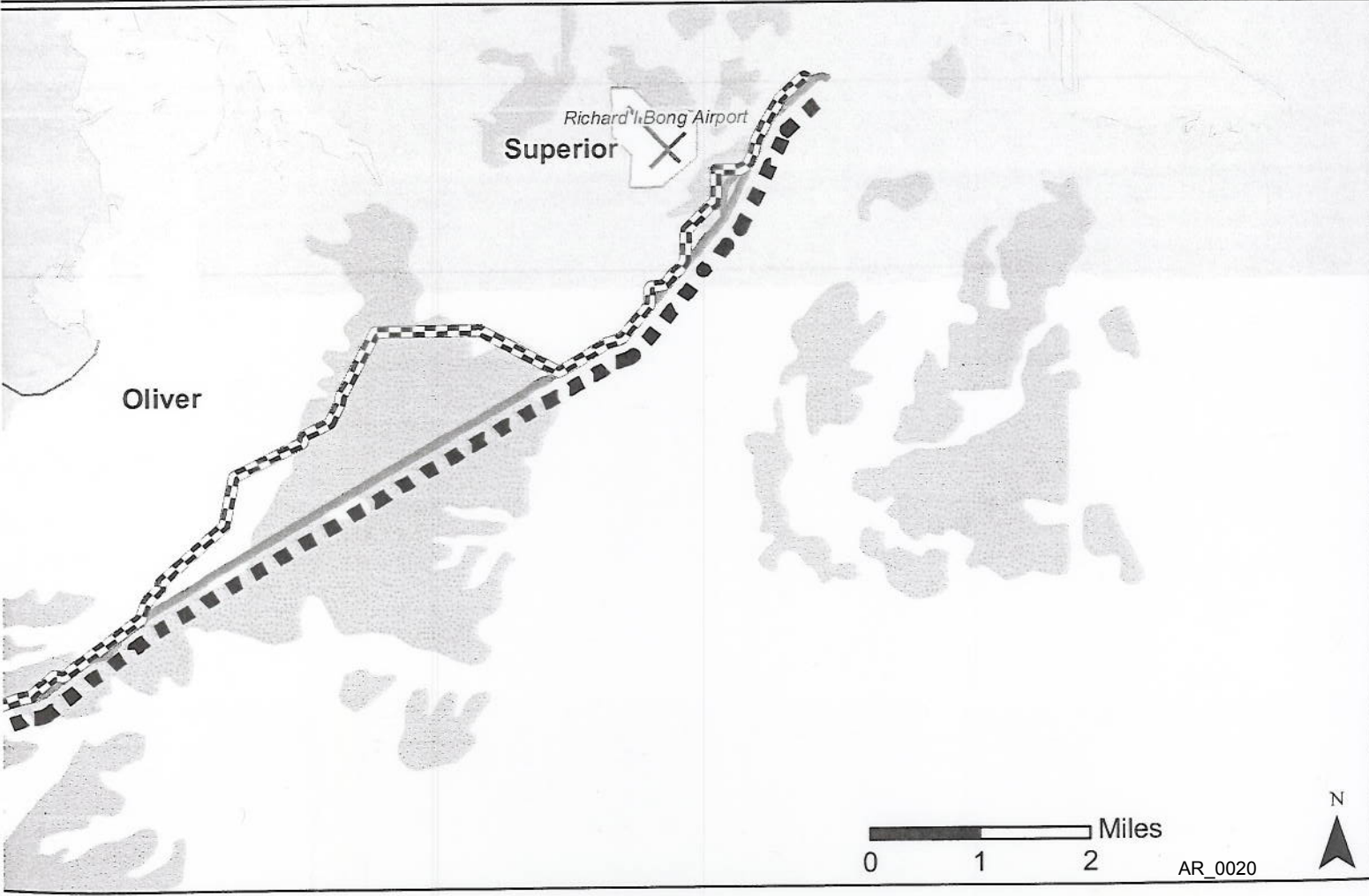
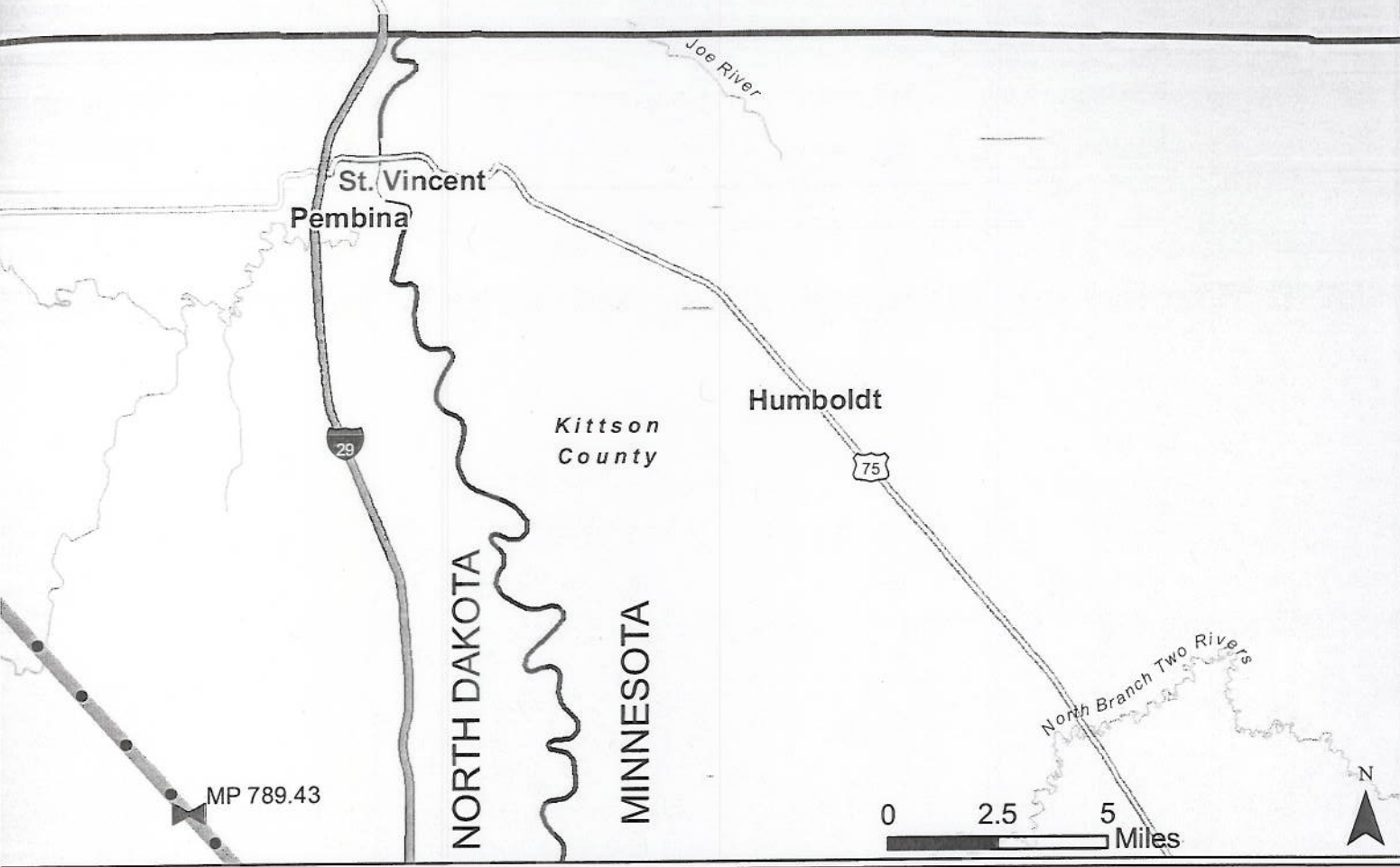
John W. Ebert  
Kim M. Clark  
Attorneys for Lakehead Pipe Line  
Company, Limited Partnership



Pembina County (US) Maintenance Project:  
Distance: 15.7 Miles

Line 3 Replacement Segment 18:  
MN Segment: 4.9 Miles  
WI Segment: 13.2 Miles





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**From:** Coburn, David <DCoburn@steptoe.com>  
**Sent:** Wednesday, February 05, 2014 2:27 PM  
**To:** Hassell, Mary D.  
**Cc:** Hahs, Ona M; Dunn, Patrick M; McManus, Matthew T  
**Subject:** Enbridge Line 3 Maintenance Project  
**Attachments:** Notification of Enbridge\_20140205144126.pdf

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Mary – As per your request, I have attached a letter that describes what we discussed at our meeting on Enbridge Line 3 last week. Please advise if you have any questions.

Regards. David

David H. Coburn  
Partner  
[DCoburn@steptoe.com](mailto:DCoburn@steptoe.com)

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David H. Coburn  
202 429 8063  
dcoburn@steptoe.com

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February 5, 2014

**VIA E-MAIL**

Ms. Mary D. Hassell  
Office of Environmental Quality and  
Transboundary Issues  
U.S. Department of State  
OES/ENV Room 2657  
2201 C Street, NW  
Washington, DC 20520

**Re: Notification of Enbridge's Maintenance of Line 3 Segment at the U.S.-  
Canada Border**

Dear Ms. Hassell:

This letter is written on behalf of Enbridge Energy, Limited Partnership ("Enbridge") in response to your request for a letter describing what we advised at our meeting with you and your colleagues on January 30, 2014 regarding the replacement of the border segment of Enbridge's Line 3 crude oil pipeline for maintenance reasons.

By way of background, Line 3 is a tape-coated, 34-inch cross-border crude oil pipeline that was originally constructed in the late 1960s. A Presidential Permit was originally granted by the President Lyndon B. Johnson on January 22, 1968, authorizing the construction, operation, and maintenance of Line 3 and other pipelines now owned by Enbridge at the U.S.-Canada border in Pembina County, North Dakota. The currently governing Presidential Permit for Line 3 was issued by the Department on December 12, 1991 in response to an application filed by Lakehead Pipe Line Company, Limited Partnership, the name by which Enbridge was formerly known.

As we stated at our January 30 meeting, Enbridge is undertaking in the coming months a maintenance-driven replacement of a segment of Line 3 that includes the portion operated and maintained pursuant to the 1991 Presidential Permit, namely the approximately 16-mile section that extends from the U.S.-Canada border to the current first mainline valve in the United States,

Ms. Mary D. Hassell  
February 5, 2014  
Page 2 of 3



all in Pembina County, North Dakota. For safety reasons, Enbridge is currently operating Line 3 at a reduced average annual capacity. The replacement of the border segment (together with maintenance work on other portions of Line 3) is designed to ensure the safe operation of the pipeline as envisioned by the Presidential Permit. Maintenance of the border segment is specifically required by Article 9 of that Permit, which as relevant provides that Enbridge "shall maintain the United States facilities and every part thereof in a condition of good repair for their safe operation." Enbridge, by the way, is also replacing for similar maintenance reasons a 1.5 mile contiguous portion of the pipeline north of the border between the border and the pump station at Gretna, MB.

The maintenance activities will be undertaken in accordance with the terms and conditions contained in the 1991 Permit. We currently plan that the existing 34-inch diameter pipe described in the Permit will be replaced for the approximately 16-mile border segment length in the United States with a new 34-inch diameter pipe, even though that diameter pipe is not in common use and needs to be specially fabricated. The new pipe will be laid within the same right-of-way as the existing pipe and also proximate to several other permitted Enbridge cross-border pipelines that enter the U.S. in the same area. You may be aware that in 2011, after similar notification to the Department of a pipeline maintenance program for the border section of its Line 6B between Michigan and Ontario, Enbridge replaced the cross-border segment of that crude oil line, the Presidential Permit for which likewise required maintenance to ensure safe operation. The Department concurred that this replacement was an appropriate maintenance project under the Line 6B Presidential Permit. (For your information, Enbridge is now in the final stages of replacing the entirety of Line 6B in Michigan, outside the border section.)

Also similar to the recent replacement project for the border segment of Enbridge's Line 6B, the approximately 16-mile border segment of Line 3 will be deactivated and continuously maintained in place in accordance with a PHMSA regulation at 49 C.F.R. § 195.59. Further, as an increased safety measure and consistent with Enbridge's Intelligent Valve Placement modeling program, a new mainline valve will be installed approximately 3 miles downstream of the border. (It is also possible that additional valves might be placed on this segment, subject to further engineering review.) The replacement pipeline will comply with all applicable PHMSA design and safety standards, and will be pressure tested as required by PHMSA regulations at 49 CFR 195.302 before being placed into service.

The replacement of the border segment of Line 3 will cross two rivers. These are the Pembina and Tongue Rivers, both of which will be crossed by horizontal directional drilling techniques that will minimize impacts. Given the location and method to be used for these crossings, and any other water or wetland crossings in the area, Enbridge will utilize the U.S. Army Corps of Engineer's nationwide permit process for these crossings. Enbridge is also not aware of any threatened or endangered species in the vicinity of where the work will occur, but will of course consult with appropriate state and federal agencies, as well as the appropriate North Dakota agency regarding any potential impacts to cultural resources or other regulatory requirements. In addition, we will be notifying PHMSA of the maintenance work, as well as the International Boundary Commission.

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Ms. Mary D. Hassell  
February 5, 2014  
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Enbridge will soon be advising landowners of the forthcoming work, which is due to commence in June of this year. To the extent that any such landowners have easement agreements with Enbridge, they will be appropriately compensated for the value of any additional use of their land.

As we advised at the meeting and as noted above, in order to ensure the safe operation of portions of Line 3 outside the area under the Department's jurisdiction, Enbridge is also undertaking maintenance work that involves replacement of other sections of that Line, as well as other improvements to ensure safe and efficient pipeline operation.<sup>1</sup> This work will take place on both sides of the border. Some of the work on the Canadian portion of Line 3 is in fact already underway, including the replacement of an approximately 13-mile segment near Cromer, MB. In the United States, an additional approximately 18-mile segment of Line 3 near the U.S. terminus of the pipeline in Superior, WI is scheduled to be replaced in 2015, as we discussed at the meeting. That section and others outside the border area will be replaced with 36-inch diameter pipe, consistent with current Enbridge practice. To the extent that a decision might be made in the future to replace the entirety of Line 3 in the United States, we will let you know.

We appreciate the time of you and your colleagues in meeting with us, and would be pleased to answer any questions that you might have. We will of course advise you once work commences.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David H. Coburn", with a long horizontal flourish extending to the right.

David H. Coburn

Attorney for Enbridge Energy, Limited Partnership

cc: Patrick Dunn  
Matthew McManus  
Ona Hahs, Esq.

---

<sup>1</sup> The Line 3 Permit was issued under Executive Order 11423 and speaks in terms of authorizing Enbridge to "operate and maintain a pipeline on the borders of the United States," which the Department has for many years viewed as extending to the closer of the first mainline valve or pump station in the United States. As explained in its Record of Decision regarding the Alberta Clipper Presidential Permit, the Department has concluded that its jurisdiction need not extend beyond the first mainline valve or pump station in the United States in order to protect U.S. foreign relations interests in implementing the relevant Executive Orders, including E.O. 11423, at U.S. borders. This is also consistent with DOS's assertion of the scope of its own jurisdiction in federal litigation relating to the Alberta Clipper pipeline. *See Sierra Club, et seq. v. Clinton, et seq.*, 09-cv-2622, Doc. 157, at 19 (D. Minn. 2009) (DOS's "authority to regulate the pipeline extends only to the 'first mainline shutoff valve or pumping station in the United States'").

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**From:** Coburn, David <DCoburn@steptoe.com>  
**Sent:** Monday, February 24, 2014 4:25 PM  
**To:** Hahs, Ona M  
**Subject:** RE: Your Question

Ona -- I can confirm that the first valve south of the border on Line 3 in 1991 was in the same location as the current first valve south of the border on that line. Regards. David

---

**From:** Hahs, Ona M [<mailto:HahsOM@state.gov>]  
**Sent:** Friday, February 21, 2014 4:52 PM  
**To:** Coburn, David  
**Subject:** RE: Your Question

Thanks!

---

**From:** Coburn, David [<mailto:DCoburn@steptoe.com>]  
**Sent:** Friday, February 21, 2014 4:16 PM  
**To:** Hahs, Ona M  
**Subject:** Your Question

Ona -- We are checking and I will get back to you very soon. Regards. David

David H. Coburn  
Partner  
[DCoburn@steptoe.com](mailto:DCoburn@steptoe.com)

**Step toe**

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**From:** Brennan, Michael F (Mexico City)  
**Sent:** Monday, March 03, 2014 8:47 PM  
**To:** 'Peter.Holran@enbridge.com'  
**Cc:** 'Mark.Curwin@enbridge.com'; Dunn, Patrick M; Huitema, David P; Hahs, Ona M; Hassell, Mary D.  
**Subject:** Re: Enbridge - Line 3

Thank you Peter for the update. We'll be in touch should we have any further questions or concerns.

Mike  
Michael F Brennan  
Sent from my Blackberry

---

**From:** Peter Holran [<mailto:Peter.Holran@enbridge.com>]  
**Sent:** Monday, March 03, 2014 07:32 PM Eastern Standard Time  
**To:** Brennan, Michael F  
**Cc:** Mark Curwin <[Mark.Curwin@enbridge.com](mailto:Mark.Curwin@enbridge.com)>  
**Subject:** Enbridge - Line 3

Mike,

Good evening. I wanted to let you know that the Enbridge, Inc. and Enbridge Energy Partners (EEP) Boards of Directors have approved the Line 3 Replacement Program. The attached press release will be issued shortly announcing that Enbridge Inc. and Enbridge Energy Partners have:

*“received shipper support for a \$7 billion investment in their Canadian and U.S. mainline system running from Edmonton, Alberta to Superior, Wisconsin. The Line 3 Replacement (L3R) Program will complement the existing Line 3 segment replacement program and include all remaining segments of Line 3 between Hardisty, Alberta and Superior.”*

Mark Curwin and I are available tomorrow morning should your colleague or you have any questions regarding the announcement. If you need to reach me tonight, please call my mobile phone – 832-517-5792.

Thanks,  
Peter

Peter T. Holran  
Director, U.S. Public and Government Affairs

ENBRIDGE  
TEL: 202-621-1827 | FAX: 202-347-1164 | CELL: 832-517-5792  
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