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## CANADA FRACKING PROTESTS TURN VIOLENT; 40 ARRESTED AFTER POLICE CARS SET ON FIRE

Police in the eastern Canadian province of New Brunswick arrested about 40 people on Thursday after efforts to dismantle a highway barricade turned violent and protesters against shale gas exploration set several police vehicles on fire.

The incident came in response to a weeks-long protest by activists and local aboriginals, who blocked a road near the town of Rexton to try to slow work by SWN Resources Canada, a subsidiary of Southwestern Energy Co, which is exploring shale gas properties in the area.

The Royal Canadian Mounted Police (RCMP) moved in early on Thursday to break up the blockade. They said officers were attacked with Molotov cocktails and at least one shot was fired, but not by them.

Susan Levi-Peters, the former chief of the nearby Elsipogtog aboriginal reserve, said the police had moved in aggressively on unarmed protesters.

"The RCMP is coming in here with their tear gas - they even had dogs on us," she said. "They were acting like we're standing there with weapons, while we are standing there, as women, with drums and eagle feathers. This is crazy. This is not Canada."

Levi-Peters said six police vehicles were burning in the street and the Elsipogtog chief and some of the reserve's council members had been arrested.

A police spokeswoman was not immediately available to confirm the arrests, but pictures of Elsipogtog chief Aaron Sock and two others being escorted away by police were posted on Twitter.

The RCMP said dozens of people were arrested on various charges, including weapons offences, mischief and refusing to abide by the court injunction.

"The RCMP has worked diligently with all parties involved in hopes for a peaceful resolution," said Constable Jullie Rogers-Marsh. "Those efforts have not been successful. Tensions were rising and serious criminal acts are being committed."

Members of the Elsipogtog reserve have long opposed SWN's efforts to explore for gas in the region. They want a moratorium on shale gas exploration and say the company did not consult them before starting work.

Their efforts have been buoyed by the "Idle no More" movement, a grassroots effort to bring more attention to the poor living conditions on native reserves and to help aboriginal communities gain more control over natural resource projects.

## WHAT THE FRACK!

Anti-shale hysteria all that's stopping New Brunswick's economic rebirth

With fracking, New Brunswick could be an economic force.

For more than a century, New Brunswick has been what they call in Canada a "have not" province. Less politely put, it's a province dependent on constitutionally mandated "equalization" payments from more financially secure provinces just to keep up with the national Canadian standard of living.

Even less politely put, New Brunswick is poor. It's the third-poorest province in Canada. Its per-capita GDP is 18% lower than the Canadian average. But compared with an energy-producing province, like Alberta or Saskatchewan, its GDP per person is more than 40% lower.

New Brunswick governments have tried almost everything to goose economic growth in their province. In the 70s, taxpayers shovelled subsidies into the Bricklin Motors company, with visions of starting a Canadian-made car company. The Bricklin SV-1, designed by the same guy who helped create TV's Batmobile and backed by Malcolm Bricklin, who founded Subaru's American operation, was sleek, with gull-wing doors, but it was a huge money-loser.



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Bricklin spent $16,000 to make each SV-1 and then sold them to dealers for $5,000. Fewer than 3,000 cars were made before Bricklin went out of business, taking millions in taxpayer loans with it.

In the 90s, the provincial government had a grand plan to use subsidies to lure call-centre operations - for banks, tech companies, travel agencies, etc. - to New Brunswick. The province would be the call-centre centre of North America. That must have sounded like a plausible plan - until India decided to turn itself into the call-centre centre of the world.

New Brunswickers might need the work - the province's 10.5% unemployment rate in the first quarter of 2013 was double that of oil-rich Alberta's- but with a legislated minimum wage of $10 an hour, they weren't going to stand much of a chance competing with New Delhi.

The next big idea to hit New Brunswick was natural gas. Not just drilling for gas: with 10 million cubic feet of gas produced each day, N.B. wasn't much of a producer. Nearby Nova Scotia was producing 10 times that, never mind a more energy-rich province like British Columbia, which produces 3.5 billion cubic feet a day. New Brunswick was going to import gas, from abroad. Liquefied natural gas (LNG).

Canaport, a facility designed to accept liquefied natural gas from Qatar and other gas-producing nations and re-gasify it, started construction in the mid-2000s. It accepted its first shipment in 2009. When Canaport was about to open, it must have been a very hopeful time for the province.

Co-owned by Spanish-based Repsol and locally based refining firm Irving Oil, Canaport was the first LNG facility to be built on the North American east coast in 30 years. By the time it was operational, a lot of that hope must have been dissipating. The timing couldn't have been worse.

In July 2008, the U.S. wellhead price for natural gas had hit a record high - $10.79 per thousand cubic feet. By June 2009, just 11 months later, when that tanker with three billion cubic feet of LNG pulled in from Trinidad and Tobago, prices had collapsed by more than two-thirds, to $3.38 per thousand cubic feet. And they would never again climb anywhere near to where they had been.

Canaport today is running well below capacity - using just 30% of its capacity. By early 2013, with gas still trading at around US$4, Repsol had decided to bail on the natural gas business and on Canaport. Its debt rating was in danger of being downgraded to junk status. But it was Canaport - and a 25-year commitment to ship gas into Canada - that blocked the deal. Nobody wanted to be saddled with an LNG-import facility on the east coast, when northeastern states like New York were suddenly awash with a glut of shale gas. Canaport wasn't alone: all LNG import operations in New England were running idle, or at least close to it.

New Brunswick, it seems, is stuck with yet one more failure in its attempt to become an economic force.

But New Brunswick may finally have something that the world would dearly value - not uneconomical sports cars, overpriced call centres, or foreign liquefied natural gas imports. It has shale - the thickest shale gas reservoir in North America is located in New Brunswick.

Nobody knows yet how much gas is trapped in that thick reservoir; the exploration is just beginning. But Frank McKenna, the province's former premier and a former Canadian ambassador to the United States, has estimated that developing New Brunswick's shale-gas industry could generate more than $7 billion in royalties and tax revenues for the government. For a province with an annual budget just over $7 billion, that's an incredible amount of money. Imagine if California had suddenly stumbled on a new industry worth $100 billion - the total of its annual state budget.

That's why the New Brunswick government is taking shale gas very seriously. All that potential for shale gas combined with an Atlantic seaport - with the potential for exporting LNG to Asia or Europe, replacing the now-uneconomic import plan - could feasibly turn New Brunswick into a vibrant energy-export hub someday.

In May 2013, the provincial government released a "blueprint" for energy exploration in the province. The premier, David Alward, called it a "key part of our government's plan to rebuild New Brunswick's economy and create jobs here at home."

The blueprint considers how to balance the interests of water management, air quality, royalty regimes, workforce development, economic development and attracting investment, supply planning, and opportunities to get economically challenged First Nations bands involved in the energy industry. It has already granted an exploration licence to SWN Resources Canada to search 2.5 million acres of the province for gas, and SWN has committed to investing a minimum of $47 million into the project.

Alward is taking an exceedingly careful and gradual approach to rolling out shale-gas development. He should. He needs to. New Brunswick borders Quebec, where anti-fracking hysteria has reached absurd proportions, with the Quebec government imposing a draconian moratorium on shale-gas exploration, as we've seen. New Brunswick is also close to New England, where the American anti-fracking movement has managed a firm foothold.

Environmentalist groups have already started working to mobilize Indian bands in New Brunswick, exploiting them to hijack aboriginal interests just as they have done in western Canada and Quebec.

And they're stirring up trouble, using fear. In June 2013, members of the Elsipogtog Indian Nation band confronted a seismic testing crew from SWN Resources, accompanied by protesters claiming to be "independent UN observers" (there are no UN observers in Canada). After a heated encounter, the demonstrators towed the company's trucks onto the nearby native reserves - essentially stealing millions of dollars' worth of equipment. Later that same month, police arrested protesters trying to block SWN trucks from doing testing in the same area.

The protests turned even more violent and destructive when protesters turned to arson, setting ablaze two of SWN's seismic rigs. Police had to arrest more than 30 people for breaking the law in the onslaught against the company and its employees.

This is what New Brunswick is up against: the opportunity to develop its economy, finally, in a sustainable and market-oriented way, facing resistance from a handful of professional anti-fracking agitators using local native groups as their pawns. It won't be an easy battle - the anti-fracking lobby has a lot of resources and support behind them, from well beyond New Brunswick.

But New Brunswick has known for too long what it means to be dependent on others just to get by. To the province's credit, it seems, so far, determined to overcome the attacks by anti-fracking groups and finally build energy security, and a thriving economy, for itself.

## RED DEER CREEK WILDFIRE DOUBLES IN SIZE IN B.C.'S PEACE RIVER AREA

About 200 people forced from 2 oil and gas camps during fire sparked by weekend lightning strike

Hot dry conditions and high winds allowed a wildfire burning near some oil and gas operations in northeastern B.C to double in size overnight, fire officials have confirmed.

The Red Deer Creek fire southeast of Tumbler Ridge grew to roughly 31 square kilometres overnight Tuesday and fire officials say it is expected to expand more today.

Already about 200 people from two oil and gas work camps have already been forced from the area, but no homes are threatened by the fire, according to Jill Kelsh, a fire information officer with the Prince George Fire Centre.

"At this point, the camps are our main value. Other than that, there are a couple of oil and gas values — oil heads and things like that. As far as homes, we don't have any homes that are anywhere near this fire."

Kelsh says the winds made it too dangerous for crews to fight the head of the wildfire.

"We had crews only on the west flank and so it's still unsafe to put them at the head of the fire. The head of the fire is still very active and therefore still growing," said Kelsh on Wednesday morning.

Up to 70 firefighters, five helicopters and four air tankers are fighting the wildfire, which was sparked by a lightning strike on Sunday.

The fire evacuation order was issued by the Peace River Regional District on Tuesday for the area directly south of the Wapiti River, as far west as Wapiti Provincial Park to the most southernmost boundary of the park and directly east to the Alberta border.

The order instructs anyone in the area to leave immediately, close gates — latch, but do not lock them — and take all personal items with them.

## CANADA STOCKS FALL AS OIL SLUMPS, GOLD RISES AMID EUROPE CONCERN

Canadian stocks retreated from a record and joined a global selloff on concern missed debt payments by the parent company of a Portuguese bank are a sign that instability will return to Europe.

Crew Energy Inc. and TransGlobe Energy Corp. dropped at least 1.5 percent to pace declines among energy stocks as West Texas Intermediate crude headed for a record-long slump. Banro Corp. plunged 20 percent after production was significantly hampered at one of its projects as the processing plant has problems handling the ore. Alacer Gold Corp. and Argonaut Gold Inc. climbed more than 3 percent as gold jumped to a three-month high with investors seeking a safe haven.

The Standard & Poor's/TSX Composite Index fell 106 points, or 0.7 percent, to 15,109.19 at 10:03 a.m. in Toronto, retreating from a record close of 15,215.19 yesterday. The benchmark Canadian equity gauge has gained 11 percent this year, the third-best performer among the world's developed markets.

A selloff in Europe spread to North America amid concern about the missed debt payments by the parent of Banco Espirito Santo SA. The MSCI All-Country World Index, which tracks

both developed and emerging markets, sank as much as 1 percent, the biggest decline in two months.

Record Slump

Crew Energy fell 1.6 percent to C$11.42 and TransGlobe Energy lost 2.9 percent to C$7.38. The S&P/TSX Energy Index sank 1 percent and touched a one-month low as 68 of 69 members retreated.

Crude for August delivery dropped as much as 0.7 percent in New York, to $101.55 a barrel, as U.S. government data showed an expansion of supplies. The crude benchmark has fallen for 10 days in a row, the longest retreat since the contracts began trading in 1983, New York Mercantile Exchange data show.

Sun Life Financial Inc. dropped 1.2 percent to C$39.41 and Manulife Financial Corp. retreated 1.1 percent to C$21.43 as financial stocks decreased 0.2 percent as a group.

Royal Bank of Canada, the nation's second-largest lender by assets, lost 0.2 percent to C$78.31 to snap a nine-day winning streak and retreat from a record.

Alacer Gold jumped 4.4 percent to C$2.98 and Argonaut Gold rallied 3.8 percent to C$4.89 as the S&P/TSX Materials Index posted the only gain among 10 industries. Trading volume for S&P/TSX stocks was 32 percent higher compared with the 30-day average at this time of the day.

Gold for August delivery rose 1.1 percent to $1,338.80 an ounce on the Comex in New York, the highest since March. Gold is seen as an safe haven alternative investment in times of increasing volatility.

## CRUDE OIL WILL HEAD NORTH OF THE BORDER TO CANADA

Canada mulls alternatives to Keystone pipeline

While Congress and the White House have been fighting over whether to build the Keystone XL pipeline so the U.S. can import more oil from Canada, U.S. energy companies have quietly turned that debate on its head and are now exporting growing amounts of oil to Canada.

Canada has ironically become the biggest beneficiary of a gusher of premium crude coming out of shale oil wells in America's Midwest. Moreover, the question of what to do with the U.S. oil glut has — as least for the time being — trumped concerns about how and whether to secure a steady stream of crude from Canada for decades to come through its proposed pipeline.

In a sign of how the debate has subtly shifted this year, even as the Obama administration has resisted growing pressure to make a decision on the Keystone issue, it recently quietly answered oil industry calls for help in handling their glut of premium crude by ruling that U.S. companies should be able to export the crude to countries other than Canada as long as it is minimally processed first in the U.S.

The developments highlight both the significant differences in quality of U.S. and Canadian oil supplies right now and the difficulty in today's charged political environment of balancing the short-term riches caused by an expected peak in shale oil production in the next five years with the nation's need to secure long-term sources of crude after production at U.S. wells inevitably goes into decline.

"Oil is not a homogeneous product, and therein lies the challenge for the U.S.," said Marc Chandler, investment analyst at Brown Brothers Harriman. "Essentially, the shale boom has created a large supply of light oil, but the refineries in the Gulf Coast area are designed to absorb the heavy crude, like Venezuela and Saudi Arabia sell."

The oil that Canada hopes to ship through the Keystone pipeline is the heaviest kind of crude, and thus would be welcome at the Gulf Coast refineries. But they were comparatively unprepared to deal with the deluge of light, sweet crude coming out of shale wells at Eagle Ford, Texas, Bakken, North Dakota, and other bedrock shale formations in the American Midwest.

"The U.S. production of ultralight or condensate accounts for nearly the entire increase in U.S. output over the last couple of years," and that has posed a dilemma for U.S. producers, legislators and regulators, Mr. Chandler said.

With more premium crude on hand than American drivers need or refineries can handle, U.S. oil producers have used Canada as a kind of escape valve for their surpluses. Canada has always been exempt from the ban on oil exports the U.S. enacted in the 1970s, and the two-way petroleum trade between Canada and the U.S. has always been vigorous. But until recently, the balance was lopsidedly in favor of Canada, with Canada in the last decade becoming the nation's No. 1 source of imported crude.

But that started to change in the last year as Canada became the leading destination for premium crude exports, even as its Keystone project — which could potentially double Canada's crude exports to the U.S. — got mired in a political stalemate. According to the Energy Information Administration, U.S. crude exports in April rose to their highest level in 15 years, with almost all of the 268,000 barrels of daily shipments going to Canada. At the same time, Canada continued to export about 2.5 million barrels a day of mostly heavy crude to the U.S.

The high-quality crude available from U.S. shale producers has far less sulfur and other pollutants than heavier crudes like the bitumen produced from Canada's oil sands. The light oil is highly coveted by refineries in Canada as well as the U.S., which needs it to comply with stringent environmental restrictions on air pollution — particularly in the summer in heavily populated areas along the coasts.

U.S. producers are shipping oil to Canada by rail and by tanker and are finding it is actually easier in some cases to export the oil to Canada than it is to send it to domestic East Coast refineries that also need premium crude because of the exacting regulatory burdens placed on domestic shippers. The 1920 Jones Act requires domestic shipments of the oil to be carried in U.S.-built tankers that are in scarce supply.

That is how Canada came to be the top destination for U.S. oil exports, even as it continues to be the No. 1 source of oil imports in the United States. But the breakthrough in shipping more oil to Canada appears to be only a beginning for U.S. producers, who recently received the go-ahead from the Obama administration to ship their premium crude to a broader array of foreign markets.

A ruling by the Department of Commerce at the end of last month found that extremely light forms of crude produced by the shale wells, such as ultralight condensates, can be exported if they are first minimally processed by passing through a distillation tower that strips out volatile gases and makes them easier to ship. That was a break for the industry, as condensates in the past had been considered subject to the ban on exports.

James Stafford, editor at Oilprice.com, credited the administration for its regulatory ingenuity.

"Because of the stabilization process, this ultralight crude can be considered a refined petroleum product, for which there are currently no limits on U.S. exports. So they haven't lifted the ban, per se — they've just found a loophole," he said. "It may not be the oil export coup the industry was gaming for, but it's still good news."

Analysts say the ruling will raise the prices American producers get for their light crudes, giving them an incentive to expand production. Currently, because of the surplus of light crude in the U.S., U.S. premium crude prices have averaged $7 to $8 a barrel under the world price for premium crude set in London, which earlier this month was hovering at around $112 a barrel.

Meanwhile, as the debate has turned to dealing with teeming U.S. supplies, action on TransCanada's Keystone pipeline application has been put on the back burner. Despite intense pressure from congressional Republicans and even some Democrats, few observers expect a decision by President Obama before the fall elections.

The administration's five-year-long delay recently prompted Canada to give preliminary approval to an alternative pipeline from Alberta's oil sands to Canada's western coast, where the oil could then be exported to Asia. If Canada builds other export routes to Asia's oil-thirsty buyers, that could pose problems for the U.S. in future decades, when it is likely to need more of the Canadian oil as shale wells fall into decline, analysts say.

Despite the current glut of premium crude in the U.S., analysts say it is highly uncertain whether U.S. shale producers will be able to keep pumping at the current record-high levels for long. All oil wells decline after peaking in their early years. Moreover, deriving oil from shale bedrock is much more difficult and expensive than drilling in conventional oil fields. Oil experts say the shale oil boom could peak by the end of this decade and decline steeply after that.

"The Keystone pipeline is in the long-term interest of the United States" to ensure the U.S. has secure supplies after the shale boom is over, said Michael Blair, analyst at Renegade Capital Corporation.

He noted that the U.S. remains the world's largest consumer of oil, burning about 19 million barrels a day, and it continues to produce only about half of that amount. "Obviously, oil imports are going to remain necessary for the United States for decades to come."

Canada, on the other hand, has the world's third-largest oil reserves and will be able to export its surpluses for decades once it gets appropriate transportation infrastructure in place. The long delay on the Keystone XL pipeline — which had been Canada's first choice — has prompted it to explore other options that are becoming increasingly viable, like the Northern Gateway pipeline through British Columbia, Mr. Blair said.

"Keystone is just one alternative for Canadian oil development. It is becoming an irrelevant alternative" as Canada devotes billions of dollars to finding other ways to ship its oil, he said. Other options include building rail terminals for shipments of oil to the U.S. and coastal ports for export, as well as a second pipeline going east that would ferry Alberta's oil to Toronto and export terminals on Canada's east coast.

"There seems little reason for Canadians to hang in waiting for a decision from the Obama administration when there are lots of potential markets for Canadian oil, [with] Asia being the most convenient," said Mr. Blair.

"Longer-term growth in China, India and the rest of Asia will provide all of the market Canada needs for its oil. And once the infrastructure is built to serve that market, shipments to the United States will take place only when commitments to Far Eastern customers have been satisfied and there seems to be a temporary excess available for sale," he said.

For the U.S., "it will have to make sure it maintains good relations with Venezuela, Saudi Arabia, Iran, Iraq and Kuwait, because that is likely where it will have to go to get supply" in the long term, he said.

## Enbridge CEO not deterred by aboriginal title ruling

### Al Monaco says company will negotiate with First Nations to clear way for Northern Gateway

The Supreme Court of Canada's recent ruling on aboriginal title has not swayed Enbridge Inc.'s outlook for its controversial Northern Gateway pipeline to the West Coast, CEO Al Monaco said Wednesday.

"I think, in many, ways the decision does provide some clarity on the law that was already there. It puts into practice what the law was," Monaco told a TD energy conference in Calgary.

"So I think that's positive."

The high court decision last month granted aboriginal title — for the first time in Canadian history — to the Tsilhqot'in Nation in the B.C. Interior. The ruling was celebrated by critics of Northern Gateway, which would ship 525,000 barrels of diluted bitumen per day from the Edmonton area to Kitimat, B.C.

There, the crude would be loaded on huge tankers and shipped to energy-hungry countries on the other side of the Pacific.

Enbridge says it has reached agreements with 26 First Nations along the pipeline's proposed route, which would go through large tracts of First Nations territory that have not been ceded to the Crown.

Monaco said the Supreme Court's decision reinforces the approach Enbridge had been taking all along.

"We've always come to agreement through dialogue and through building economic partnerships with First Nations," he said, noting the company has been in discussions with First Nations within an 80-kilometre radius of the pipeline route.

"We've always taken aboriginal title into consideration as we work through these projects."

Ottawa gave the project the conditional green light last month, but Enbridge has said it's in no rush to begin construction.

Monaco said Enbridge will take 12 to 15 months to pore over the 209 conditions that were tied to the project's approval, more than half of which must be met before construction can even begin.

One of the biggest concerns raised

about Northern Gateway has been the spectre of bitumen-filled tankers traversing rough coastal waters. At least three proposals are in the works to refine Alberta bitumen before it is loaded on those ships, making a potential spill significantly less damaging.

Monaco said Enbridge is a “little bit agnostic” on those proposals, as a pipeline would still be needed to ship the product to the coast.

And he said he has his doubts as to whether oil producers would buy into such a plan.

“If you’re a producer, the last thing you want to do is hamper your bargaining position by only heading to one refinery. From that perspective, it’s a bit tougher in my view.”

## GREENPEACE TELLS LEGO ‘EVERYTHING IS NOT AWESOME’ ABOUT ITS DEAL WITH SHELL

Greenpeace is stepping up its campaign to get Lego to end its licensing partnership with Shell to make toys carrying the oil giant’s logo, releasing a video parody of The Lego Movie song Everything is Awesome.

The video begins with an idyllic Arctic scene created using Lego bricks featuring polar bears, husky dogs, hockey players and Santa Claus before cutting to an oil rig adorned with Shell logos. Oil is then poured all over the scene, eventually covering everything but the Shell flag at the top of the rig.

The video is set to a stripped down, minor-key rendition of Everything is Awesome, the over-the-top bubblegum pop ear-worm from The Lego Movie, performed by Canadian duo Tegan and Sara.

The video concludes with the tagline “Shell is polluting our kids’ imaginations.”

Greenpeace began its campaign July 1 as a way to draw attention to Shell’s plan to drill for oil in the Arctic.

“The Greenpeace campaign focuses on how Shell operates in a specific part of the world,” said Lego Group CEO Jorgen Vig Knudstorp, in the statement. “We firmly believe that this matter must be handled between Shell and Greenpeace. We are saddened when the LEGO brand is used as a tool in any dispute between organizations.”

Lego said it entered into a “long-term contract” with Shell in 2011 to produce promotional toys with the oil giant’s logo.

Greenpeace claims that Shell is using Lego to “clean up its image for dirty oil drilling.”

“Shell is very obviously using Lego as a way to increase their social license to take on very destructive projects,” Greenpeace Canada’s Farrah Khan said.

“There is a moral obligation here to make sure that kids aren’t being brainwashed by one of the biggest oil companies on the planet,” she said.

But Lego sets featuring Shell logos go back further than today’s kids. In fact, their parents are probably more likely to have played with Shell-themed Lego than they are.

The Danish toy maker’s partnership with Shell goes back to 1966, with sets like the gas station, featured on the Lego wiki website, Brickipedia.

Such sets were only available in Europe until more than 20 years later, when Shell gas stations, complete with Lego mini-figure employees, appeared in North America.

In 1992, Lego stopped featuring Shell logos in its main toy line, replacing it with those of a fictional company, Octan (which is portrayed prominently in The Lego Movie as an all-consuming corporate monopoly).

Lego continued to produce Shell-themed Lego sets, but only as promotional items sold at Shell gas stations.

Currently, the only sets Lego produces featuring the Shell logo is a collection of six Ferrari vehicles that have been available at Shell gas stations in markets in Europe and Asia, but currently only sold in Brazil, India and South Africa.

## INTER PIPELINE ANNOUNCES MAJOR EXPANSION OF MID-SASKATCHEWAN PIPELINE SYSTEM

Inter Pipeline Ltd. (“Inter Pipeline”) (TSX:IPL) announced today the execution of binding commercial agreements supporting a $100 million expansion of its Mid-Saskatchewan pipeline system. In aggregate, the new agreements are expected to generate approximately $25 million to $30 million in incremental EBITDA on an annual basis. Five oil producers have entered into ship or pay contracts to backstop the project with terms ranging from 4 to 10 years. Inter Pipeline expects the expansion to enter commercial service in phases beginning in late 2014 with the project fully completed by the second quarter of 2015.

With increased drilling activity and the application of new well completion technologies, oil production in the area serviced by the Mid-Saskatchewan pipeline has grown rapidly. Throughput volumes have doubled to over 70,000 barrels per day (b/d) over the last two years with much of the Mid-Saskatchewan system operating at or near full capacity.

The $100 million expansion program will involve the construction of over 50 kilometres (km) of new mainline pipe, 40 km of new pipeline laterals and associated pumping and metering facilities. Once the new pipelines are in service, approximately 95,000 b/d of new capacity will be added to the system to handle oil volumes from the new battery connections and provide capacity for future third party connections. Inter Pipeline expects the new mainlines in aggregate to initially operate at less than 50% capacity, with utilization rising over time as area production increases. A map of the Mid-Saskatchewan pipeline system including the new expansion is available on our website at www.interpipeline.com.

“This high return investment is the largest expansion of a conventional oil pipeline system in our company’s history,” stated Christian Bayle, President and Chief Executive Officer of Inter Pipeline.