



SEPTEMBER 2009

Inter Pipeline's Proposed Diluent

Pipeline Expansion Project

Inter Pipeline Fund, by its general partner, Pipeline Management Inc. ("Inter Pipeline") is conducting stakeholder consultation concerning a proposed expansion of its existing 12-inch diluent pipeline. The project comprises of approximately 40 kilometres of new 12-inch pipeline and associated facilities to supply diluent for Imperial Oil Resources' Kearl oil sands project.



Pipeline Overview

Inter Pipeline proposes to extend its existing 12-inch diameter pipeline that runs 454 kilometres from the Edmonton area to the Fort McMurray region by approximately 38 kilometers at the northern end and approximately 3 kilometers on the southern end of the pipeline system. The existing 12-inch pipeline currently forms part of Inter Pipeline's Corridor Oil Sands Pipeline System, providing diluent service to the Muskeg River Mine. Once Inter Pipeline's Corridor Expansion Project becomes operational in 2010, the 12-inch diluent pipeline will no longer be required for the Muskeg River Mine operations.

The proposed new pipeline construction will connect the existing 12-inch pipeline to the Kearl mining and extraction facilities located approximately 70 kilometers northeast of Fort McMurray. In addition to pipeline construction, diluent receipt connections and pumping facilities will be required at the south end of the pipeline in the County of Strathcona. Upon completion of this expansion project, the pipeline will have the capability to transport approximately 120,000 barrels per day of diluent.

Pending regulatory approval, construction is expected to begin in mid 2010. The expanded pipeline and related facilities are required to be in-service by late 2012, coincident with the first phase of production from the Kearl oil sands site.

Community and Aboriginal Consultation

Inter Pipeline is a responsible and safe pipeline operator that is committed to consulting with stakeholders about its activities. This correspondence is the start of our participant involvement program for this project. Inter Pipeline will build awareness and understanding of the proposed project by seeking Community and Aboriginal input in a number of ways, including through stakeholder meetings, participation in environmental and other assessments, distribution of information and Aboriginal consultation.



Inter Pipeline is a major petroleum transportation, bulk liquid storage and natural gas liquids extraction business based in Calgary Alberta Canada. Inter Pipeline owns and operates energy infrastructure assets in western Canada, the United Kingdom, Germany and Ireland. Inter Pipeline is an experienced pipeline owner and operator. The pipeline operations consist of four conventional pipeline systems

that span 3,800 km across Alberta and Saskatchewan and two oil sands pipeline systems. Inter Pipeline's Oil Sand Transportation business is comprised of the Cold Lake and Corridor Pipeline Systems that have over 1,900 km of operating pipeline and 2.4 million barrels of storage. The Oil Sands Transportation business is the largest oil sands gathering business in Canada.

Proposed Diluent Pipeline Expansion Project Disclosure Information

The 12-inch diluent pipeline expansion project is regulated by the Energy and Resource Conservation Board ("ERCB") of Alberta. The applicant for the project will be the general partner of Inter Pipeline Fund, Pipeline Management Inc. Applicant Code BA -A02N. The following information is provided to aid understanding of the proposed project and the regulatory requirements applicable to the project.

Technical Information

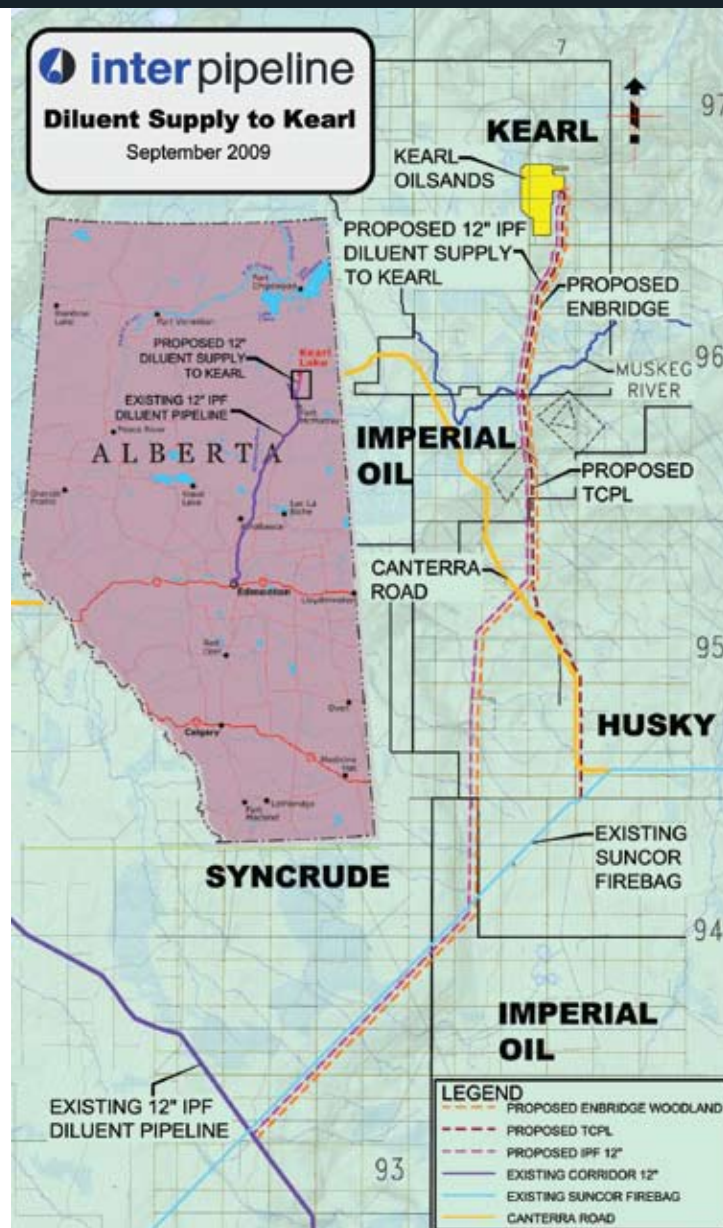
North Expansion Area

- ERCB Directive 56 categorizes the proposed pipeline as type - B120, substance category LVP.
- New construction consists of approximately 38 km of 323.9 mm OD (12 inch) pipeline from LSD NW-28-93-8-W4M (an existing pipeline) to the Kearl Receiving Station located at SW-10-97-7 W4M.
- A construction and right-of-way corridor approximately 25 meters wide will be required to install the new pipeline.
- Associated facilities for the pipeline interconnections, metering and receipt at the Kearl site will also be installed

Technical Information

Southern Expansion Area

- ERCB Directive 56 categorizes the proposed pipeline as type - B120, substance category LVP.
- New construction of an estimated 3 km of 323.9 mm OD (12 inch) of pipeline from an existing pipeline to the new pump station location that is yet to be determined.
- A new pump station, category B-133, comprised of two 1500 kW (approx.) or 2000 HP pumps will be required to transport the diluent.
- Associated facilities for the pipeline interconnection, metering and receipt of product at the pump station will also be required.
- Power and other utility services to the new pump station are to be provided by the local utility providers.



Route Selection and Environment Considerations

Environmental impacts will be minimized to the extent possible by locating the expanded pipeline in parallel with the other pipelines and utility corridors that will serve the Kearsarge mine site. The majority of the proposed route parallels either existing or proposed pipelines or infrastructure. As part of its regulatory applications in respect of this project, Inter Pipeline will collect and consider certain environmental, historical and geotechnical information pertaining to the proposed route. This information will assist in designing a route and construction methodologies which will minimize impacts to soil, vegetation, wildlife, fish, aquatic and historical resources. The information will also be incorporated into a comprehensive Environmental Protection Plan which will guide the construction of the project and the post construction reclamation plan.



Project Schedule



Inter Pipeline will begin collecting information in support of consultation requirements and regulatory applications in the fall of 2009. Information gathering and environmental investigations will start at the northern end of the project to accommodate weather restrictions. Regulatory applications for the project will begin to be submitted in early 2010.

Pending the outcome of consultation activities and regulatory applications, construction on the northern end of the project area is anticipated to begin in mid 2010, and in 2011 for the southern facilities. The expanded pipeline and related facilities are scheduled to be operational in 2012.



▼ Project Schedule

Inter Pipeline anticipates that the majority of potential impacts of this project will be short term and will mostly occur during the construction activities. Clearing of ground vegetation and trees will be required for the pipeline and pump station installation. Inter Pipeline will have a comprehensive, approved plan for re-vegetation once construction has been completed. Construction activities will generate noise, and increased traffic. The northern portion of the expansion project is in a relatively remote area that should minimize the inconvenience of noise and increased traffic. Inter Pipeline will be discussing and working with stakeholders to develop strategies to minimize any potential impacts.

Once the expanded pipeline and related facilities become operational, Inter Pipeline anticipates that there will be minimal impacts to stakeholders and the environment. As an experienced and responsible pipeline owner and operator, Inter Pipeline is committed to operating the expanded pipeline and related facilities in compliance with all applicable regulations and safety requirements.



**Your input is important to us.
For additional information please contact:**

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