



# inter pipeline

**To:** Cold Lake Pipeline Shippers  
**Date:** August 16, 2006  
**Re:** Cold Lake Pipeline Notice of Shipment Verification and Transfer fees

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Inter Pipeline Fund (IPF) continues to experience an increase in unbalanced Notice of Shipments ("NOS's") on the Cold Lake Pipeline system. Shippers are submitting NOS's that have neither a balanced position, nor verified transfers.

Original NOS's for the month of July 2006 required an unacceptable amount of effort to gain an understanding of Shipper's requests for transfers and dispositions. IPF submitted nominations to the trunk lines based on our best estimate, since NOS's were still not corrected and balanced.

Shippers are hereby reminded that the COLC Pipeline Supply Forecasting and Notice of Shipment procedures must be followed when shipping on the Cold Lake Pipeline system. Shippers should pay particular attention to Section 5, Items 5.2 (Shipper to Shipper transfers), 5.4 (Dispositions), 5.5 (Imbalance - Supply vs. Disposition) of the COLC Forecasting procedures. For your reference, the procedures may be viewed on the COLC website, [www.colcomm.com](http://www.colcomm.com).

Transfers (sales and purchases) must be verified with your customers before submitting your NOS's to the Cold Lake Pipeline system. Effective immediately, IPF will not accept any Notice that is not balanced to zero inventory, or any Notice where transfers do not match and Shippers cannot correct the imbalance in an acceptable period of time. If necessary, IPF will enforce the COLC Forecasting procedures and ensure that the transfer volume is set at the lower of the two parties stated volume.

A change in the NOS's is also recommended. Shippers continually confuse Hardisty and Edmonton transfers, making it impossible for a bi-directional pipeline to determine where the crude is being nominated. Shippers should submit one NOS for **Cold Lake West Pipeline**, where deliveries and transfers take place at Edmonton, and a separate NOS for **Cold Lake South Pipeline**, where transfers and deliveries take place at Hardisty.

On November 24<sup>th</sup> 2004, IPF sent a letter to all Cold Lake Shippers advising them that a transfer fee of \$250 per transfer would be instituted to those Shippers who do not own field production on the Cold Lake Pipeline. Since that date, the number of non-Founder Shippers has increased significantly, and the number of issues associated with incorrect NOS's have also increased. In order to effectively manage the ongoing issues that IPF is experiencing, effective September 2006, the Transfer fees will be changed as follows:

- The Base Transfer fee of \$250 per transfer will remain unchanged.
- If any of the forecasting procedures noted above are not adhered to by a Shipper, a first offense penalty of \$250 will be charged in addition to the base fee, bringing the total fee to \$500 per transfer for a period of six months (Probation Period). If the Shipper remains compliant for the Probation Period, the fee will revert to the base fee of \$250 per transfer at the end of the Probation Period.
- If the same Shipper submits non-compliant NOS's within the Probation Period, an additional fee of \$250 per transfer will be charged, bringing the total fee to \$750 per transfer. The Shipper must be compliant for a Probation Period of six months after the last offence for the fee to be reduced back to the base fee of \$250 per transfer.
- If a Shipper has a third offence of non-compliant NOS's during the Probation Period, their Shipper status on the Cold Lake Pipeline will be suspended for a period of six months. After the six month suspension, the Shipper *may* once again be granted Shipper status on the Cold Lake pipeline,



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provided that they can verify to IPF's satisfaction that proper NOS procedures will be followed. Failure to do so will result in the permanent termination of their Shipper status on the Cold Lake pipeline, to be determined at IPF's sole discretion. If the Shipper is allowed to resume transfer activities on the pipeline, they will be charged a fee of \$750 per transfer for a period of six months, after which if they remain compliant, their fee will be lowered to the base fee of \$250 per transfer.

The above fee structure is intended to ensure those Shippers that are diligent in ensuring their NOS's are in order are not penalized, while making those Shippers that are contributing to the additional administrative burden accountable for their actions. It is IPF's hope that the above actions are not required, and that all Shippers will follow proper NOS procedures.

Sincerely,  
**Inter Pipeline Fund**  
By its General Partner, Pipeline Management Inc.

Lis Carney  
Supervisor, Oil Movements