

LICENCE

Licence No. / Licence n° 2997

Issue Date / Date de délivrance February 23, 2012

In accordance with The Environment Act (C.C.S.M. c. E125) /
Conformément à la Loi sur l'environnement (C.P.L.M. c. E125)

Pursuant to Section 11(1) / Conformément au Paragraphe 11(1)

THIS LICENCE IS ISSUED TO : / CETTE LICENCE EST DONNÉE À :

TUNDRA OIL AND GAS PARTNERSHIP: "the Licencee"

for the construction and operation of the Development being approximately 21 km of pipeline for the transportation of crude oil from existing battery facilities to the Cromer terminal located within sections 2, 11, 14 and 23-10-29W, sections 25, 26, 27, 28, 35 and 36-9-29W and sections 16, 19, 20, 21 and 30-9-28W, and associated temporary and permanent aboveground facilities located in the Rural Municipalities of Pipestone and Wallace, in accordance with the Proposal filed under The Environment Act dated November 22, 2011 and additional information dated December 14, 2011 and February 2, 2012, and subject to the following specifications, limits, terms and conditions:

DEFINITIONS

In this Licence:

“**native habitat**” means grasses, wildflowers, shrubs, trees, and other vegetation that occur naturally and support fauna indigenous to the area;

“**waterbody**” means any body of flowing or standing water, whether naturally or artificially created, and whether the flow or presence of water is continuous, intermittent or occurs only during a flood, including but not limited to a lake, river, creek, stream, slough, marsh, swamp and wetland, including ice on any of them; and

“**wetlands**” means those areas where the water table is at or above the land surface for a long enough period each year to make the area capable of supporting aquatic or hydrophilic vegetation, and which have soils with characteristics indicative of wet conditions.

****A COPY OF THIS LICENCE MUST BE KEPT ON SITE AT THE DEVELOPMENT AT ALL TIMES****

GENERAL TERMS AND CONDITIONS

This Section of the Licence contains requirements intended to provide guidance to the Licencee in implementing practices to ensure that the environment is maintained in such a manner as to sustain a high quality of life, including social and economic development, recreation and leisure for present and future Manitobans.

1. In addition to any of the limits, terms and conditions specified in this Licence, the Licencee shall, upon the request of the Director:
 - a) sample, monitor, analyze or investigate specific areas of concern regarding any segment, component or aspect of pollutant storage, containment, treatment, handling, disposal or emission systems, for such pollutants, ambient quality, aquatic toxicity, leachate characteristics and discharge or emission rates, and for such duration and at such frequencies as may be specified;
 - b) determine the environmental impact associated with the release of any pollutant from the Development; or
 - c) provide the Director, within such time as may be specified, with such reports, drawings, specifications, analytical data, descriptions of sampling and analytical procedures being used, bioassay data, flow rate measurements and such other information as may from time to time be requested.
2. The Licencee shall provide to the Director, upon request, all information required under this Licence, in writing and in such form and content (including number of copies), as may be specified by the Director, and each submission shall be clearly labelled with the Licence Number and Client File Number associated with this Licence.
3. The Licencee shall, at all times during the construction of the Development, have available at the construction sites, materials to contain and recover spills of fuel and other fluids associated with construction machinery.
4. The Licencee shall ensure that, during construction and operation of the Development, spills of fuels or other contaminants are reported to an Environment Officer in accordance with the requirements of *Manitoba Regulation 439/87* respecting *Environmental Accident Reporting*.
5. The Licencee shall, during construction, maintenance, and restoration of the Development, implement all necessary measures to prevent the erosion of soil into any waterbodies. Construction adjacent to waterbodies shall not occur during high rainfall events.
6. The Licencee shall, during construction and maintenance of the Development, establish and maintain an undisturbed native vegetation area located upslope from the ordinary high water mark and adjacent to all water bodies and waterways connected to the provincial surface water network.

7. The Licencee shall, during construction and maintenance of the Development, minimize disturbance to vegetation in native habitats.
8. The Licencee shall ensure that an Environmental Inspector, on a daily basis throughout construction and restoration of the Development, monitor the work activity to ensure that all the environmental practices outlined in the Proposal are carried out.
9. The Licencee shall:
 - a) prepare "record drawings" for the Development and shall label the drawings "record drawings"; and
 - b) provide to the Director, within six months of the completion of construction of the Development, two sets of "record drawings" of the Development.
10. The Licencee shall construct and operate the Development in accordance with appropriate standards of the Canadian Standards Association.
11. The Licencee shall maintain a valid construction permit during construction of the Development and a valid operational permit during operation of the Development, issued by the Minister of Manitoba Innovation, Energy and Mines.
12. The Licencee shall, during construction, adhere to the general recommendations on design, construction and maintenance of stream crossings as specified in the guidelines titled *Manitoba Stream Crossing Guidelines for the Protection of Fish and Fish Habitat, 1996*.
13. The Licencee shall not construct any water control works associated with the Development, nor release any drainage water from the Development, without the prior receipt of a Water Rights Licence to Construct Water Control Works from Manitoba Conservation and Water Stewardship, Water Stewardship Division.
14. The Licencee shall, prior to the commencement of any work to cross rivers, streams or creeks, consult with Water Stewardship Division, Regional Fisheries Biologist.

SPECIFICATIONS, LIMITS, TERMS AND CONDITIONS

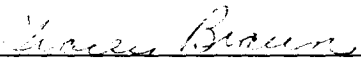
15. The Licencee shall notify the assigned Environment Officer of Manitoba Conservation, not less than one week prior to beginning construction of the Development. The notification shall include the intended starting date of construction and the name and telephone number of the contractor responsible for the construction.
16. The Licencee shall, prior to construction start-up, instruct the on-site project construction supervisor to ensure that only land required for the right-of-way of the Development, including designated and landowner approved access locations to the right-of-way, will be affected by clearing, compacting, grading or filling during

- construction. All construction related traffic shall be restricted to the right-of-way and approved access locations.
17. The Licencee shall, prior to construction, retain a qualified on-site biologist to conduct a reconnaissance level investigation to identify potential impacts to wildlife and wildlife habitat.
 18. The Licencee shall bore beneath Pipestone Creek and wetlands with permanent open water zones or capable of providing overwintering habitat for the Northern Leopard Frog.
 19. The Licencee shall immediately discontinue trenching activities in wetlands where water is encountered.
 20. The Licencee shall maintain a minimum setback distance of 100m from Pipestone Creek.
 21. The Licencee shall establish any fuel storage areas required for the construction and operation of the Development, and refuel and service vehicles, a minimum distance of 100 metres from any waterbody.
 22. The Licencee shall not undertake construction of the Development in wetlands and in riparian zones adjacent to waterbodies between April 1 and August 31 in any year.
 23. The Licencee shall not undertake construction of the Development in native habitat between April 1 and August 31 in any year.
 24. The Licencee shall, during construction and maintenance of the Development, compact all excavated areas and re-establish the pre-existing profile. Follow-up grading shall be conducted in areas affected by settling after construction.
 25. The Licencee shall, immediately upon completion of construction and maintenance of the Development, where native habitat existed prior to the disturbance, re-vegetate areas exposed during the construction to pre-existing conditions with locally produced native seed mixes. Follow-up monitoring, re-seeding, maintenance, and weed control shall be conducted until disturbed areas are re-vegetated to the satisfaction of Manitoba Conservation.
 26. The Licencee shall, immediately upon completion of construction and maintenance of the Development, implement a post-construction wetland monitoring program to assess the natural regeneration of wetlands impacted by the Development.
 27. The Licencee shall, in accordance with Clauses 25 and 26 of this Licence, file a copy of a post construction environmental monitoring report with the Director, prior to January 31st of each year following construction of the Development, until the Director

deems the reclamation is satisfactory. The report shall outline the results of the reclamation of native plant species and wetlands along the right-of-way.

REVIEW AND REVOCATION

- A. If, in the opinion of the Director, the Licencee has exceeded or is exceeding or has or is failing to meet the specifications, limits, terms, or conditions set out in this Licence, the Director may, temporarily or permanently, revoke this Licence.
- B. If construction of the development has not commenced within three years of the date of this Licence, the Licence is revoked.
- C. If, in the opinion of the Director, new evidence warrants a change in the specifications, limits, terms or conditions of this Licence, the Director may require the filing of a new proposal pursuant to Section 11 of The Environment Act.


Tracey Braun, M.Sc.
Director
Environment Act

File No. 5552.00



Conservation and Water Stewardship

Climate Change and Environmental Protection Division
Environmental Assessment and Licensing Branch
123 Main Street, Suite 160, Winnipeg, Manitoba R3C 1A5
T 204 945-8321 F 204 945-5229
www.gov.mb.ca/conservation/eal

CLIENT FILE NO.: 5552.00

February 23, 2012

Jade Cable
Tundra Oil and Gas
Box 1960, 295 3rd Avenue
Viriden MB R0M 2C0

Dear Mr. Cable:

Enclosed is **Environment Act Licence No. 2997** dated February 23, 2012 issued in accordance with *The Environment Act* to **Tundra Oil and Gas** for the construction and operation of the Development being approximately 21 km of pipeline for the transportation of crude oil from existing battery facilities to the Cromer terminal located within sections 2, 11, 14 and 23-10-29W, sections 25, 26, 27, 28, 35 and 36-9-29W and sections 16, 19, 20, 21 and 30-9-28W, and associated temporary and permanent aboveground facilities located in the Rural Municipalities of Pipestone and Wallace, in accordance with the Proposal filed under The Environment Act dated November 22, 2011 and additional information dated December 14, 2011 and February 2, 2012.

In addition to the enclosed Licence requirements, please be informed that all other applicable federal, provincial and municipal regulations and by-laws must be complied with. A Notice of Alteration must be filed with the Director for approval prior to any alteration to the Development as licensed.

For further information on the administration and application of the Licence, please feel free to contact Dee Genaille, Environment Officer (204) 726-6567.

Pursuant to Section 27 of *The Environment Act*, this licensing decision may be appealed by any person who is affected by the issuance of this Licence to the Minister of Conservation within 30 days of the date of the Licence.

Yours truly,

Tracey Braun, M.Sc.
Director
Environment Act

Enc.

c: Don Labossiere, Director, Environmental Operations
Jennifer Abel, Chief Petroleum Engineer, Innovation, Energy, and Mines
Kelly Cochrane, Matrix Solutions Inc.
Public Registries

NOTE: Confirmation of Receipt of this Licence No. 2997 (*by the Licencee only*) is required by the Director of Environmental Assessment and Licensing. Please acknowledge receipt by signing in the space provided below and faxing a copy (letter only) to the Department by March 9, 2012.

Tundra Oil and Gas

Date

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