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Ms. Stacy McBride

Petroleum Branch Ministry of Innovation, Energy and Mines Box 1359, 227 King Street West Virden, Manitoba ROM 2CO

October 5, 2015

RE: Two Creeks Lateral and LACT

Dear Ms. McBride,

Tundra Energy Marketing Limited hereby makes application under section 149 (2) of the Oil and Gas Act for a Pipeline Construction Permit for a pipeline from 03-34-12-27 to 08-16-11-26 WPM.

Documentation requested by Manitoba Innovation, Energy and Mines department for such Pipeline Construction Permit Application is included in the enclosed package.

Sincerely,

Sam Stephenson

VP, Engineering & Construction Tundra Energy Marketing Limited

cc. Petroleum Branch, Winnipeg, MB



An Application to Manitoba Innovation, Energy and Mines Petroleum Branch

to
Construct a New Crude Oil Pipeline

In the Virden Area

From a new TEML LACT Facility and Elcano Battery in 03-34-12-27 To a new pipeline riser at 08-16-11-26 WPM

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1. Introduction

Tundra Energy Marketing Limited (hereafter referred to as "TEML") proposes to build, own, and operate a new steel pipeline to:

1. Transport crude oil from a new TEML LACT facility at an Elcano Exploration Inc ("Elcano") battery site (03-34-12-27 W1M) to TEML's Virden Pipeline System.

The tie-in to TEML's Virden Pipeline System will occur at a new riser located in 08-16-11-26 W1M. This riser site will facilitate pigging of the Two Creeks Pipeline and the connection to the existing SC-03 pipeline.

In accordance with Section 149(2) of the Oil and Gas Act, TEML hereby makes application to Manitoba Innovation, Energy and Mines - Petroleum Branch, for approval of a pipeline construction permit.

2. Applicant Information

The pipeline (hereafter referred to as the "Two Creeks Pipeline") will be owned and operated by TEML which is a wholly-owned subsidiary of Winnipeg-based James Richardson & Sons, Limited ("JRSL"). JRSL is a multi-disciplined enterprise with operations in agriculture, food processing, financial services, property management and energy exploration in Manitoba and the prairies.

TEML is experienced in the operation of similar oil pipelines. The proposed pipelines will be operated out of TEML's Cromer field office.

The pipeline will be designed by Asher Engineering Ltd. Asher has been in the consulting engineering business since 1993, is licensed to practice engineering in Manitoba, and has specific experience with the design of these types of pipelines.

3. Overview of the Application

This application is for a new steel pipeline as detailed below:

1. A 168 mm OD (NPS6) steel pipeline, approximately 20 km in length, from a new TEML LACT facility (and Elcano Battery) at 03-34-12-27 W1M to a new TEML riser site in 08-16-11-26 W1M.

The new pipeline will be constructed in a 20 m Right of Way (RoW) and environmental disturbance will be minimized wherever practical.

The below have been included with this application; in accordance with the requirements of Manitoba Petroleum Guideline 1:

- a) A System Map (provided in Appendix A) indicating the Elcano Battery, entire pipeline route, land topography, etc.
 - A survey showing additional details along the route, such as crossings and nearby facilities, can be found in Appendix B.
 - As the pipeline does not require any major water crossings, valves for isolating the line are only required at the endpoints. These valve locations are shown on the plot plans in Appendix C.
- b) The location of all towns or cities, highways and water covered areas are shown in the maps and drawings included in Appendices A and B.
 - There are no tanks associated with this project application.
- c) Typical profile and cross section drawings for this project are included in Appendix D. These include road, waterway and pipeline or utility crossings.
- d) Survey information of the site for the LACT facility and surrounding area are included in Appendices B and C.
- e) A plot plan for the Elcano 03-34 Battery is included in Appendix C.
- f) A Process Flow Diagram (PFD) indicating the proposed pipeline tie-ins at the 03-34 Elcano Battery and the new TEML 08-16 pipeline riser are included in Appendix E.
- g) A shape or DXF file of the proposed pipeline route is enclosed.

4. Intended Use and Need

The new NPS 6 pipeline will eliminate the need for trucking oil volumes and will decrease risks associated with truck traffic on local roadways. Additional benefits include uninterrupted oil delivery due to road bans or poor road conditions, and reduced wear and tear on local roads. The Two Creeks Pipeline will deliver oil from Elcano's Battery in 03-34 to TEML's Virden Pipeline System, and ultimately CTT for storing, processing and transmission to refineries.

5. Pipeline and LACT Description

- a) The pipeline will run from 03-34-12-27 to 08-16-11-26 W1M.
- b) The pipeline will transport LVP crude oil.
- c) The pipeline length is expected to be approximately 20km.
- d) The new pipeline will be 168.3mm OD; the wall thickness of the pipe, pipe grade and additional information is tabled in Appendix F.
- e) Corrosion Control: The steel pipeline will be externally coated with an extruded polyethylene coating. Pipeline girth welds will be protected by compatible shrink type sleeves. The pipelines will be cathodically protected using an impressed current system to provide additional external corrosion control. Test stations will be installed at end points and at foreign crossings where required by agreement with the foreign pipeline Upon completion of construction and as part of a routine maintenance program the pipelines will be batch filmed with corrosion inhibitor. Corrosion inhibitor will also be continuously injected into the product stream and monitored as part of an integrity management plan. Corrosion monitoring spools ("fish bellies") will be installed as a part of the TEML piping (at the Elcano 03-34 battery) to allow routine ultrasonic inspection for corrosion monitoring. The pipelines will be routinely pigged to remove water and / or sediment that may collect in low areas. The design of the pipelines will include pigging facilities and long radius risers that will accommodate the use of smart pig technology to monitor the pipeline condition. The corrosion control system will comply with Clause 9.0 of CSA Z662-15.

<u>Spill Risk Mitigation:</u> Product will be gravity fed from Elcano storage tanks to the TEML LACT package. The LACT package will include a booster pump, basket strainer, water cut monitor, oil sampler, meters and a shipping pump. The LACT package will also be equipped with Motor Operated Valves ("MOVs") for shutdown purposes. These MOVs will be actuated by signals from the facility PLC and/or SCADA system. Coriolis meters will provide custody transfer measurement of oil from Elcano's storage tanks into the Two Creeks Pipeline.

Leak detection will be managed by TEML's existing computational leak detection system, and will be done on a system-wide basis. Alarms will be triggered in the event of a leak, and TEML operators will be responsible for closing the MOVs.

Operators will receive alarms to issue a shutdown should the pressure of the pipeline deviate above or below the set pressures.

Expected Daily Flow: The Two Creeks Pipeline is expected to carry flow rates of up to 2000 m^3 /day. This rate may vary with future volumes and production rates.

<u>Terminal Storage Capacity:</u> No additional oil storage is proposed at the terminal in connection with this application.

- f) The design pressure and the maximum operating pressure that the pipeline is expected to be qualified to by pressure testing is included in Appendix F.
- g) Material specifications and standards for the pipe, valves, flanges and other fittings for the pipeline are included in Appendix F.
- h) No process vessels are a part of this application.
- i) This is a liquid pipeline and as such, in the unlikely event of a pipeline rupture, the spill would not result in significant vapor dispersion.

6. Proof of Consultation and Access

The following confidential information is contained in the Line List, included in this document as Appendix G:

- a) The names and addresses of all landowners, occupants and residents, complete with land location, within the following areas:
 - i) 1.5 km radius of each endpoint of the pipeline and
 - ii) a radius of 0.5 km along the length of the proposed line.
- b) A copy of the notice and proof of consultation with all parties listed in 6.a above.
- c) A description of the applicant's consultations with all parties listed in 6.a above including a summary of any concerns raised during the consultation process and all actions taken or proposed to be taken by the applicant to address concerns, and
- d) Proof of the right to access the proposed surface RoW.

7. Environmental Protection Plan

TEML will follow an Environmental Protection Plan (EPP) for planning, designing, construction and post-construction purposes. This plan is being developed by Matrix Solutions Inc. and will be submitted for review as a supplement to this document.

TEML will use a corporate level Emergency Response Plan (ERP) which is intended to handle any emergency situations that may arise. Tundra's emergency

telephone number is 1-844-333-6789. This number is attended 24 hours a day, 7 days a week. The ERP will be amended to include the new pipelines.

8. Other Approvals

a) Municipalities

Notifications and discussions regarding crossing agreements and zoning requirements with the R.M. of Wallace are being undertaken simultaneous to this application.

b) Urban Municipality

The pipeline is not located within 1.5 km of an urban municipality.

c) Historic Resources Branch

Matrix Solutions has completed an environmental pre-development assessment of the proposed pipeline. Screening results by the Manitoba Historic Resources Branch indicate that no previously recorded heritage sites have been identified and the potential of the pipeline to impact significant heritage resources is considered low.

d) Manitoba Infrastructure and Transportation

Notifications and discussions regarding crossing agreements are being undertaken with Manitoba Infrastructure and Transportation simultaneous to this application.

e) Railway Crossings

There are no railway crossings associated with this project.

f) Waterway Crossings

There are no major water crossings associated with this project.

g) Utility or Foreign Pipeline Crossings

Utilities and foreign pipeline companies are being notified of the proposed pipelines and crossing agreements are being obtained simultaneous to this application.

h) Surface Landowners

All surface landowners have been notified of the proposed project and agreements are being obtained.

i) Indian Bands

There are no First Nations, Métis Communities or other Aboriginal communities in the area of the proposed pipeline.

j) SC-03 Pipeline Modification

The existing TEML SC-03 pipeline will need a modification approval for the tie-in of the Two Creeks Pipeline. This application will be drafted and submitted to the Manitoba Petroleum Branch under separate cover.

9. Environmental Licence

As the proposed NPS 6 pipeline is longer than 10km in length, an Environmental License will be required. In preparation for application to the Manitoba Environmental Approvals Branch (EAB), an Environmental Pre-Development Assessment (EPDA) is being prepared by Matrix Solutions Inc. A copy of this assessment will be submitted for review as a supplement to this document. The EAB has been notified of the project, and an Environment Act Proposal (EAP) will be submitted for review in the immediate future.

10. Initial Aboriginal Consultation Assessment

An Initial Aboriginal Consultation Assessment is being sent to Mr. Keith Lowdon, Director of the Petroleum Branch.

Tundra Energy Marketing Limited Pipeline Construction Permit Application

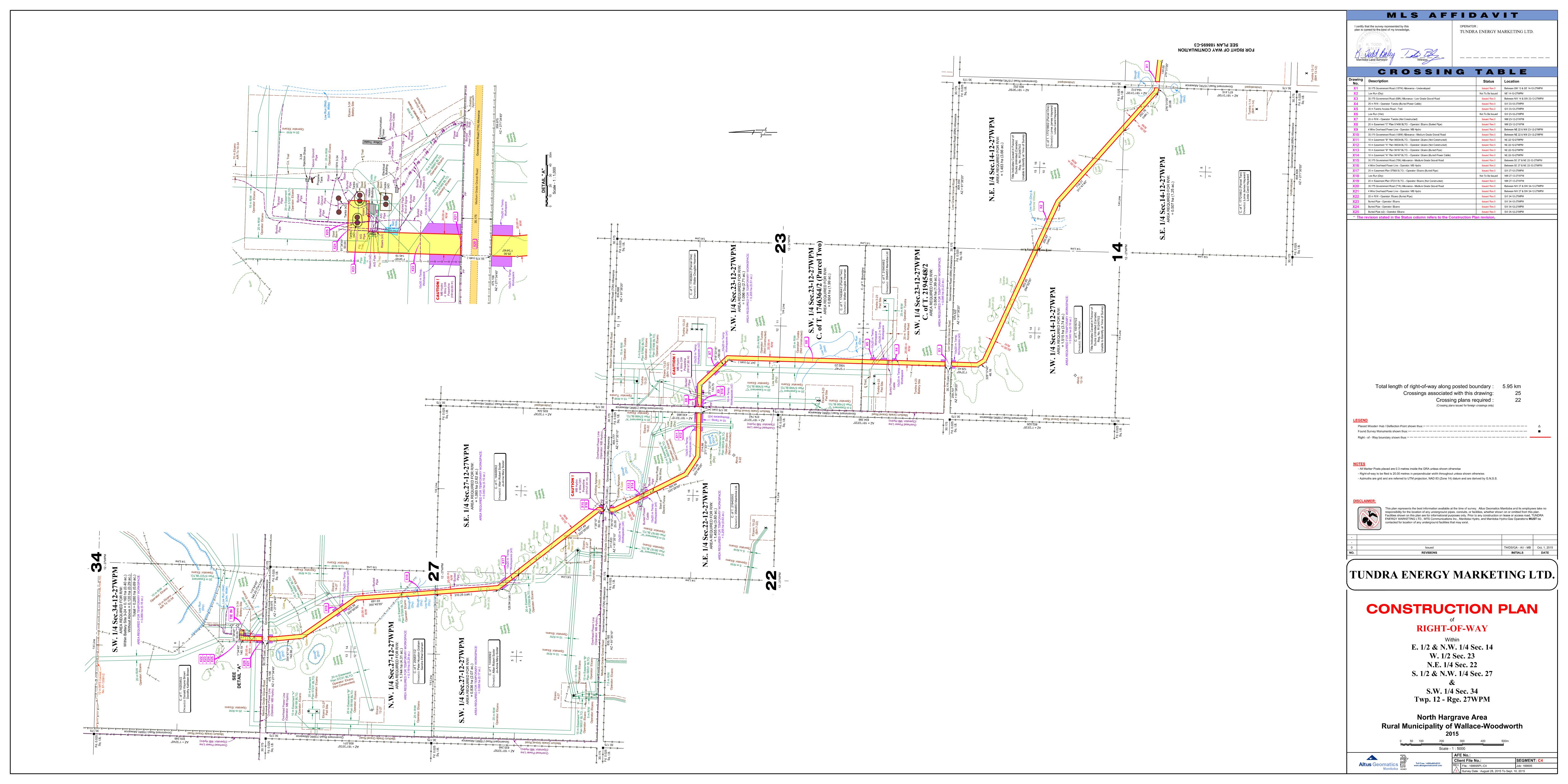
Appendix A

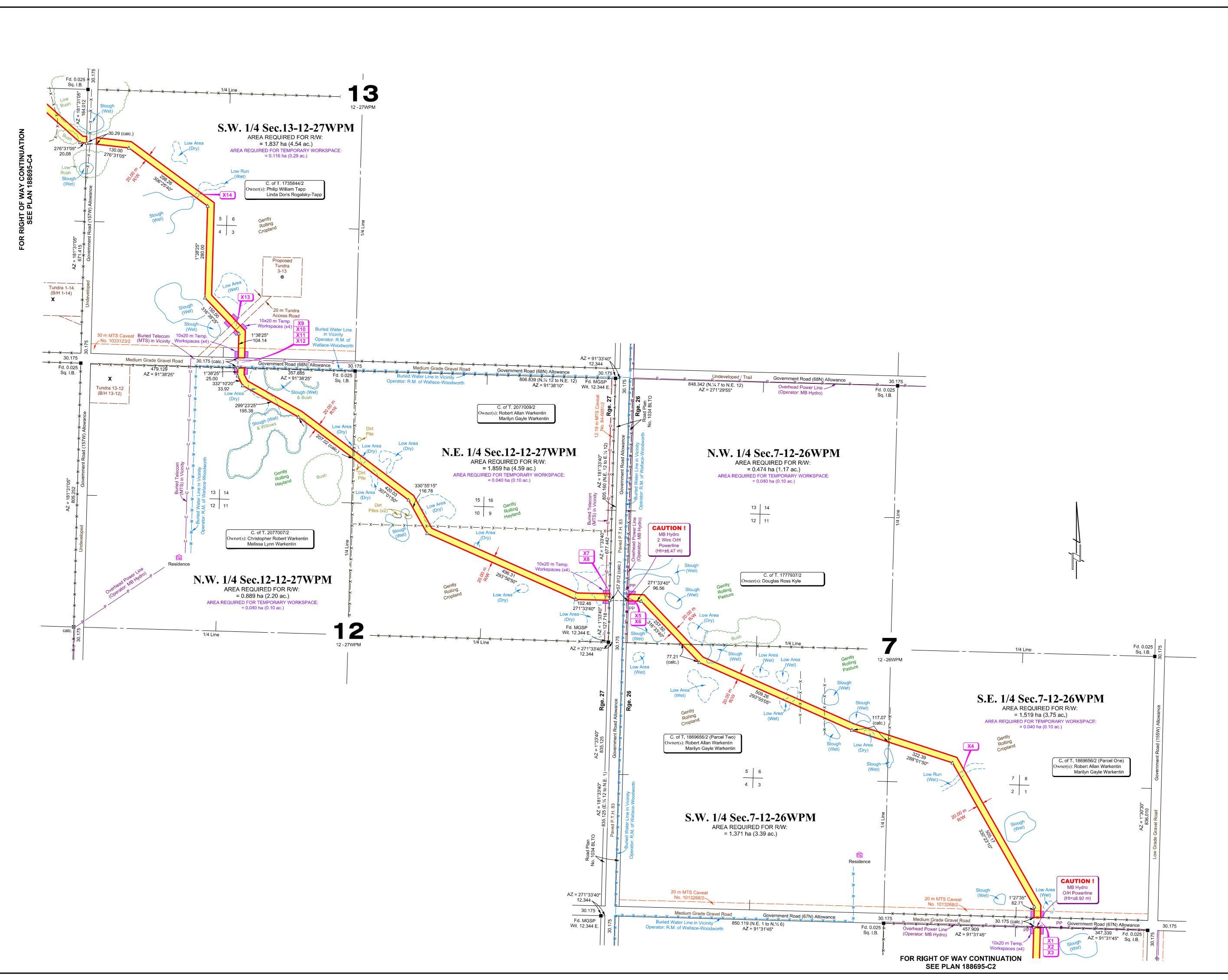
System Map

Tundra Energy Marketing Limited Pipeline Construction Permit Application

Appendix B

Survey Plans



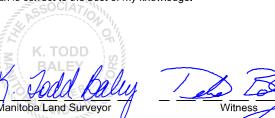


MLS AFFIDAVIT

I certify that the survey represented by this plan is correct to the best of my knowledge.

X13 20 m Tundra Access Road (Proposed)

X14 Low Run (Wet)



TUNDRA ENERGY MARKETING LTD.

Issued Rev.0

SW 13-12-27WPM

Issued Rev.0 SW 13-12-27WPM

Not To Be Issued SW 13-12-27WPM

CROSSING TABLE Drawing No. Description Overhead Power Line - Operator: MB Hydro Issued Rev.0 Between NE 6 & SE 7-12-26WPM 30.175 Government Road (67N) Allowance - Medium Grade Gravel Road Issued Rev.0 Between NE 6 & SE 7-12-26WPM X3 20 m MTS Caveat No. 1013268/2 Issued Rev.0 SE 7-12-26WPM X4 Low Run (Wet) Not To Be Issued SE 7-12-26WPM 2-Wire Overhead Power Line - Operator: MB Hydro Buried Water Line - Operator: R.M. of Wallace-Woodworth Issued Rev.0 NW 7-12-26WPM P.T.H. No. 83 - Road Plan 1034 BLTO. - Paved Road Between NW 7-12-26WPM & NE 12-12-27WPI Issued Rev.0 12.19m MTS Caveat No. 84-6681/2 (Buried Telecom Cable) Issued Rev.0 NE 12-12-27WPM Buried Water Line - Operator: R.M. of Wallace-Woodworth X10 30.175 Government Road (68N) Allowance - Medium Grade Gravel Road Between NW 12 & SW 13-12-27WPM X11 Buried Telecom Cable - Operator: MTS Issued Rev.0 Between NW 12 & SW 13-12-27WPM

Total length of right-of-way along posted boundary: 4.11 km
Crossings associated with this drawing: 14
Crossing plans required: 12

(Crossing plans issued for foreign crossings only)

LEGEND

NOTES

- All Marker Posts placed are 0.3 metres inside the GRA unless shown otherwise

- Azimuths are grid and are referred to UTM projection, NAD 83 (Zone 14) datum and are derived by G.N.S.S.

DISCLAIMER:



This plan represents the best information available at the time of survey. Altus Geomatics Manitoba and its employees take not responsibility for the location of any underground pipes, conduits, or facilities, whether shown on or omitted from this plan. Facilities shown on this plan are for informational purposes only. Prior to any construction on lease or access road, TUNDRA ENERGY MARKETING LTD., MTS Communications Inc., Manitoba Hydro, and Manitoba Hydro-Gas Operations MUST be contacted for location of any underground facilities that may exist.

 Issued
 TH/DS/GA - AV - MB
 Oct. 1, 2015

 NO.
 REVISIONS
 INITIALS
 DATE

TUNDRA ENERGY MARKETING LTD.

CONSTRUCTION PLAN

RIGHT-OF-WAY

Within

S. 1/2 & N.W. 1/4 Sec. 7 Twp. 12 - Rge. 26WPM

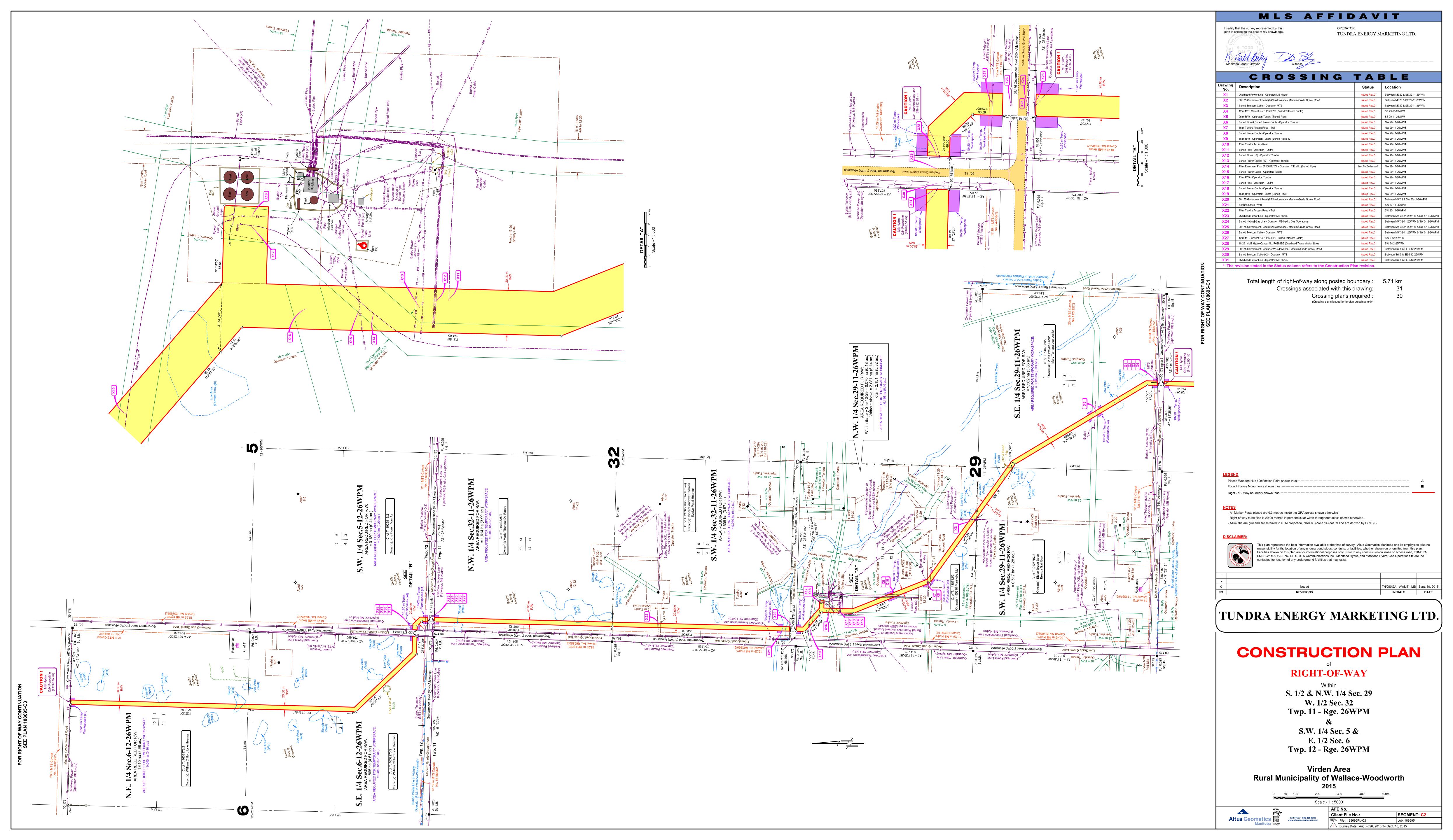
N. 1/2 Sec. 12 & S.W. 1/4 Sec. 13 Twp. 12 - Rge. 27WPM

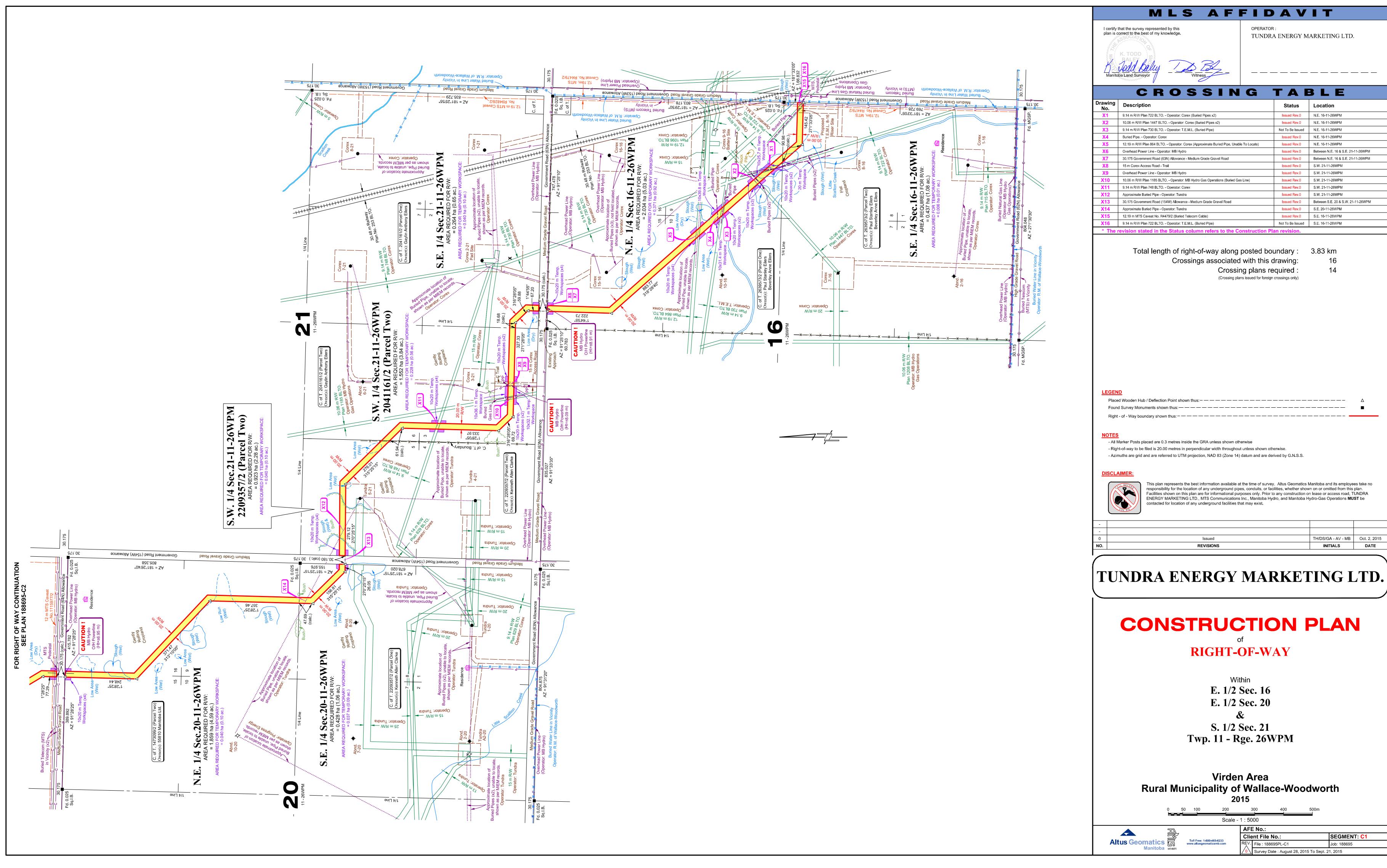
Virden & North Hargrave Areas
Rural Municipality of Wallace-Woodworth
2015

0 50 100 200 300 400 500 Scale - 1 : 5000



71 L	- 110		
Clie	ent File No.:	SEGMENT: C3	
REV.	File: 188695PL-C3	Job: 188695	
<u></u>	Survey Date : August 28, 2015 To Sept. 28, 2015		





REVISIONS	INITIALS	DATE	
Issued	TH/DS/GA - AV - MB	Oct. 2, 2015	
	1		

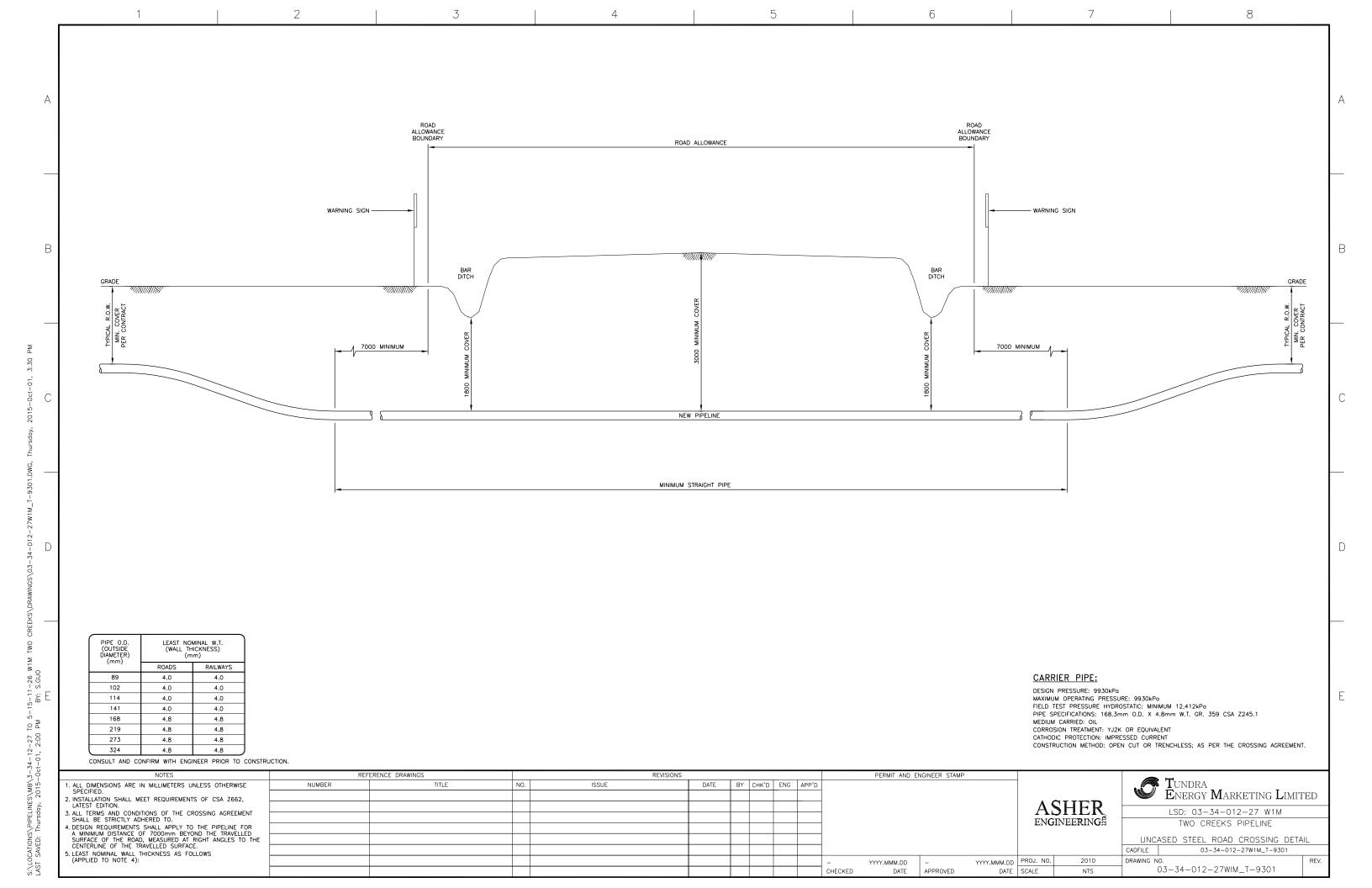
Appendix C

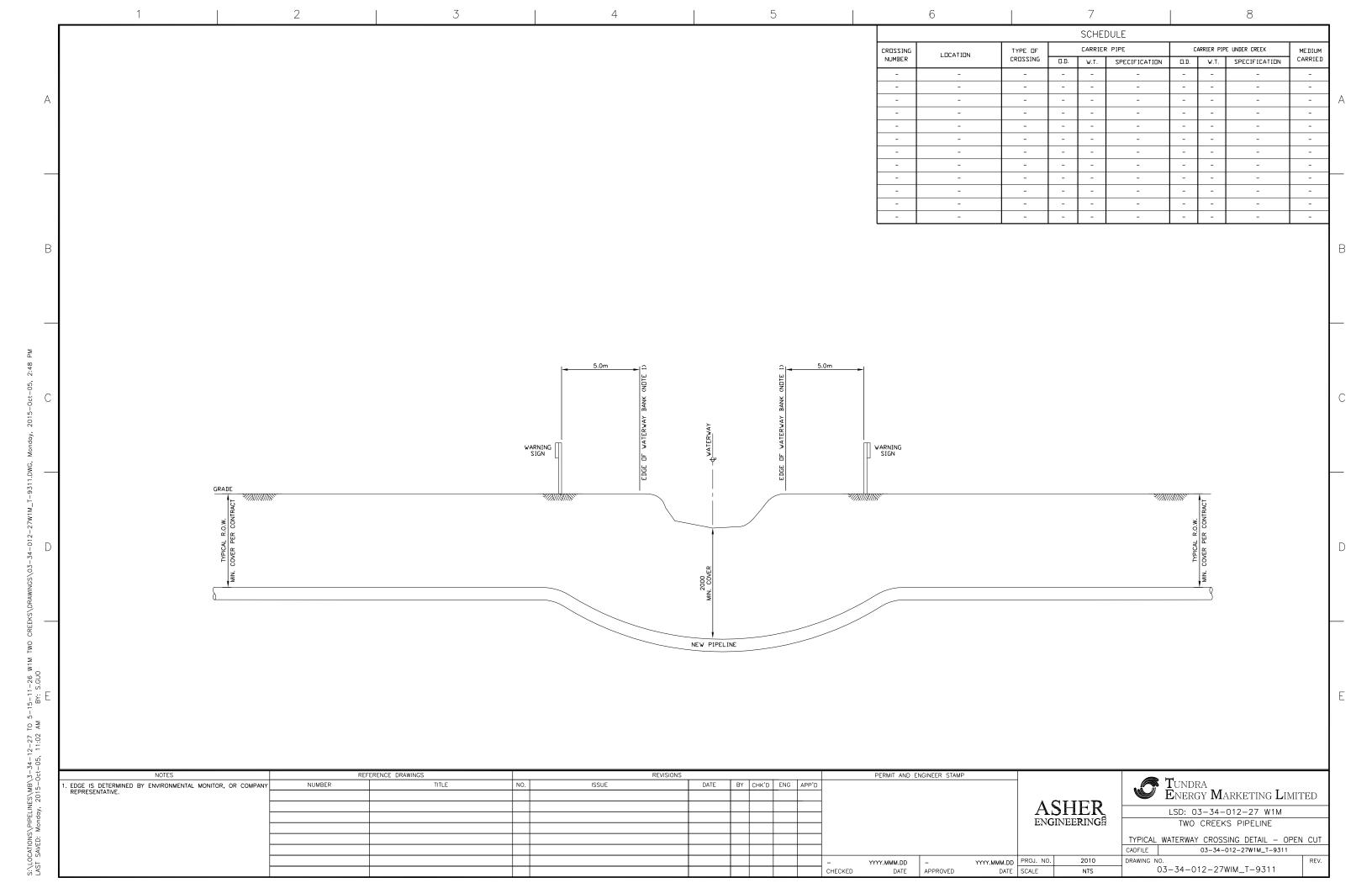
Plot Plan

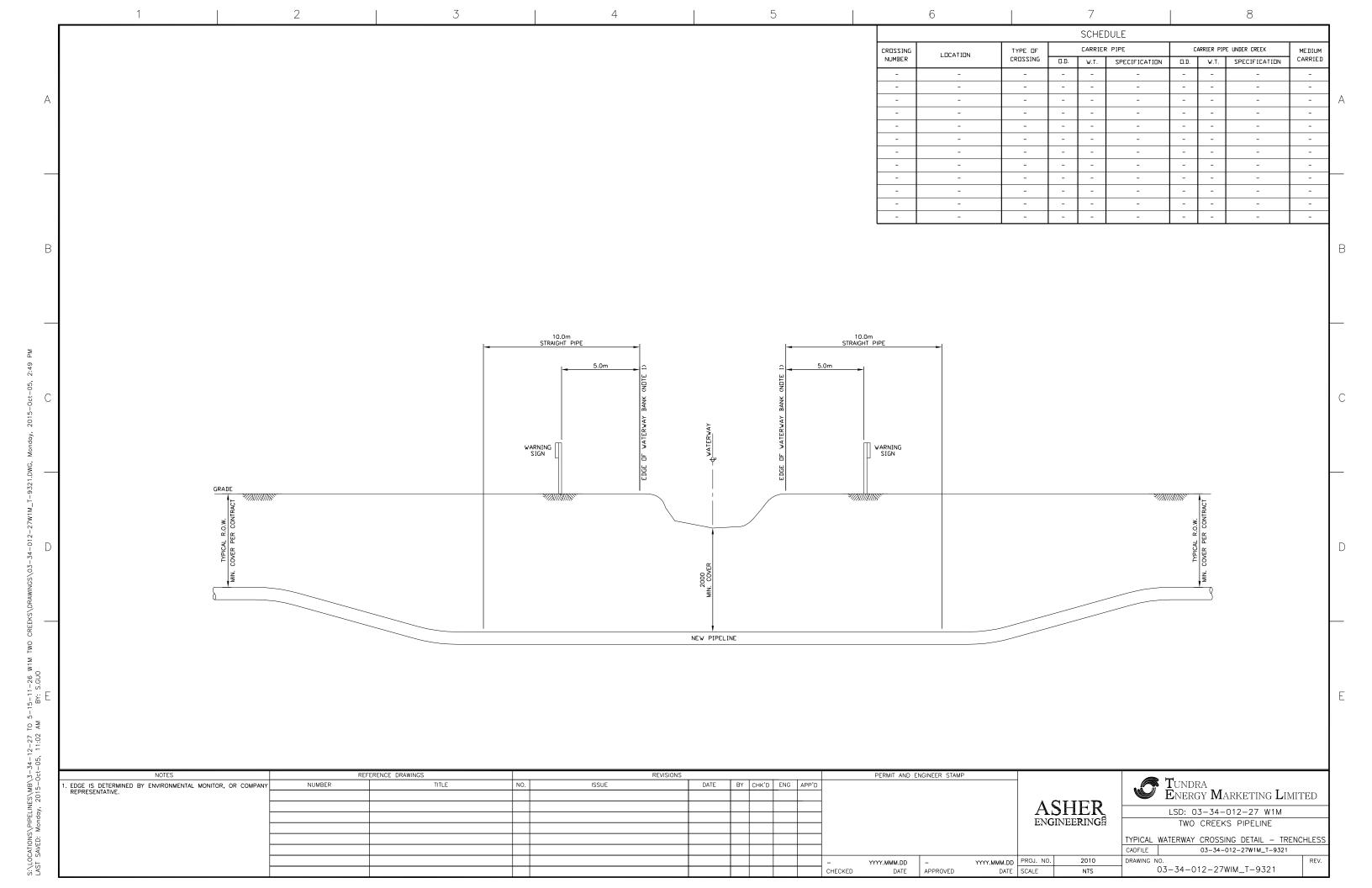
To be provided subsequent to original submission

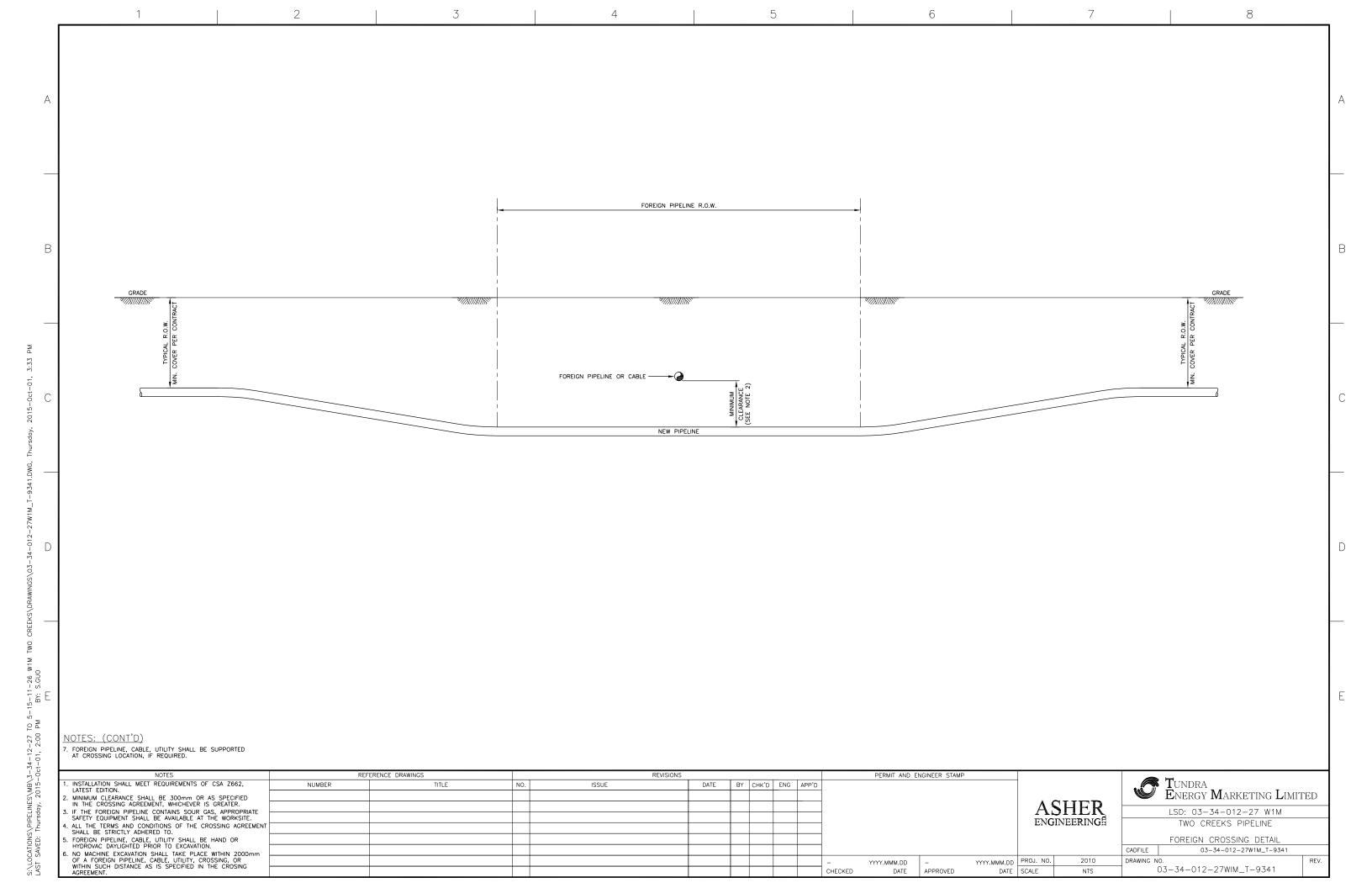
Appendix D

Crossing Typicals



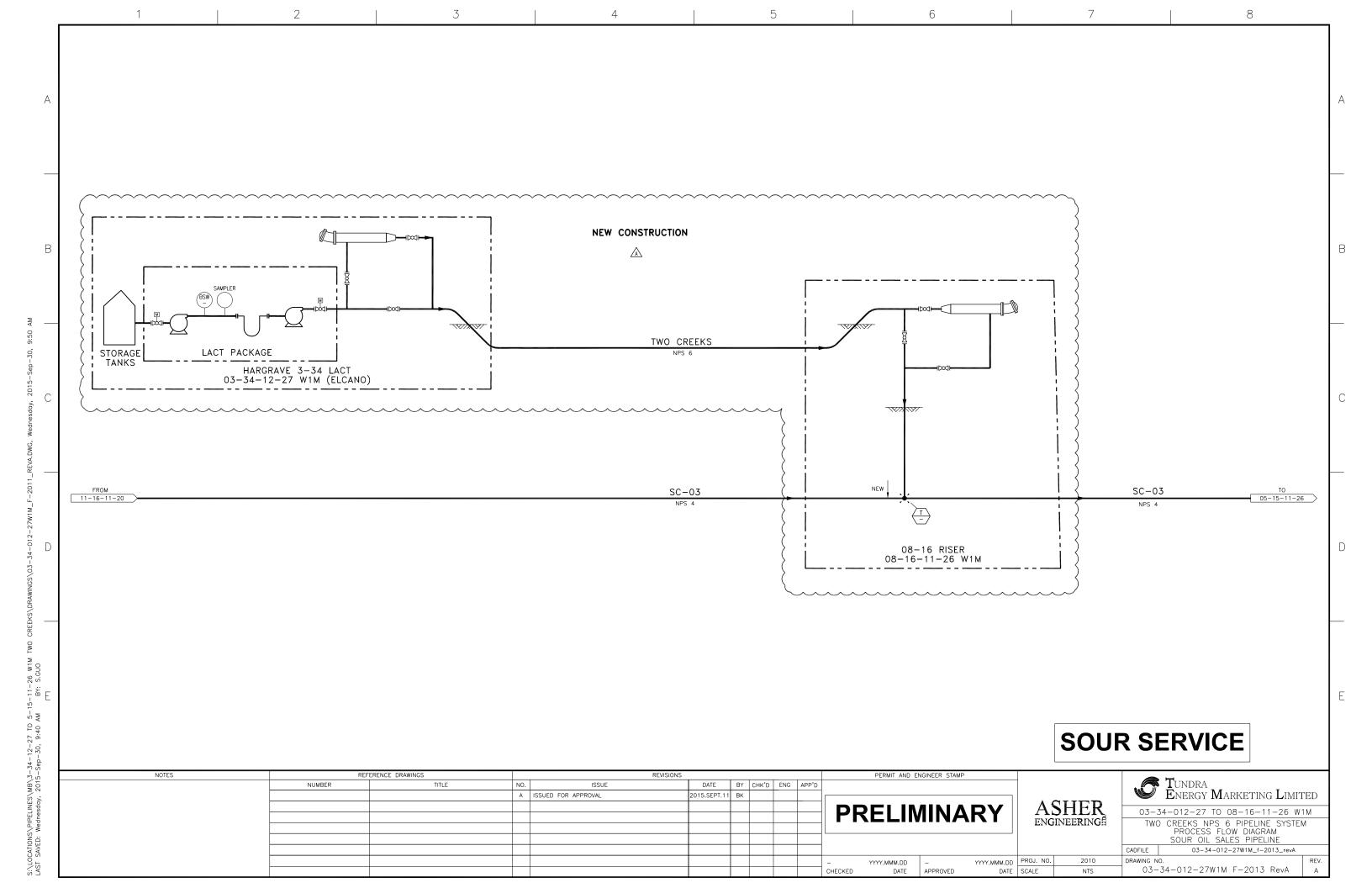






Appendix E

Process Flow Diagram



Appendix F

Pipeline Technical Data

Tundra Energy Marketing Limited Proposed Pipeline Details

		NPS 6
Starting LSD &		03-34-12-27 WPM
Facility		Elcano Battery 03-34
Ending LSD & Facility Fluid being transported		08-16-11-26 WPM
		Riser Site
		crude oil & LVP products
Length (Apprx.)	m	20,000
Outside Diameter	mm	168.3
Wall Thickness	mm	4.8
Grade		Grade 359 Cat II Sour
External Coating		YJ or YJ2K as required
Expected (Max) Flow Rate	m³/day	2000
Design Pressure	kPag	9930
Maximum Operating	kPag	9930
Pressure	Kray	9900
Line Pipe Standard		CSA Z245.1-14
Valves Standard		CSA Z245.15-13 or Note below
Flanges Standard		CSA Z245.12-13 or Note below
Fittings Standard		CSA Z245.11-13 or Note below

Notes:

- 1. Pipe, valves, and fittings that will be used are in accordance with the requirements of CSA Z662-15.
- 2. The CSA Z662 requirements include the above listed CSA Z245.XX-YY standards as well as others.

Appendix G

Line List

SENT BY SEPARATE SUBMISSION

Appendix H

Environmental Protection Plan

SENT BY SEPARATE SUBMISSION

Appendix I

Environmental Pre-Development Assessment

SENT BY SEPARATE SUBMISSION