

## Inter Pipeline Announces Capital Expenditure Program for 2016

**CALGARY, ALBERTA, DECEMBER 21, 2015:** Inter Pipeline Ltd. (“Inter Pipeline”) (TSX: IPL) announced today a \$250 million capital expenditure program for 2016, primarily directed towards its conventional oil gathering and oil sands transportation businesses. Organic growth projects are expected to account for approximately \$190 million of total capital expenditures, with sustaining capital requirements accounting for the remainder.

As expected, Inter Pipeline’s 2016 capital program is lower compared to expenditure levels in recent years as Inter Pipeline has now successfully completed construction work on the major elements of an integrated \$3.2 billion expansion on its Cold Lake and Polaris pipeline systems. As a result of the increased mainline capacity provided by these expansion projects, Inter Pipeline is well positioned to pursue future oil sands transportation growth projects in a highly capital-efficient manner.

Approximate planned growth capital expenditures by business segment and sustaining capital requirements for 2016 are described below.

Capital Expenditure Summary	(millions)	<u>2016 Forecast</u>
	Growth Capital	
	Conventional Oil Pipelines	\$90
	Oil Sands Transportation*	55
	Bulk Liquid Storage	40
	NGL Extraction*	<u>5</u>
	Total Growth Capital	190
	Sustaining Capital	<u>60</u>
	Total Capital	<u>\$250</u>

\* Includes proportionate costs for Inter Pipeline’s 85% ownership interest in the Cold Lake pipeline system or 50% interest in the Empress V NGL extraction facility

**Conventional Oil Pipelines** Inter Pipeline’s conventional oil gathering business continues to expand as a result of increased production volumes in areas serviced by its pipeline systems. In 2016, Inter Pipeline expects to invest \$90 million to construct new oil battery connections and expand storage capacity on its Bow River, Central Alberta and Mid-Saskatchewan pipeline systems.

This includes \$45 million to complete the previously announced \$65 million storage tank expansion at Kerrobert, Saskatchewan. This project on the Mid-Saskatchewan pipeline system involves the construction of 400,000 barrels of new storage capacity and is expected to be ready for service in the latter half of 2016.

**Oil Sands Transportation** Approximately \$55 million of organic growth capital will be spent in Inter Pipeline’s oil sands transportation business in 2016. Capital projects on Inter Pipeline’s Cold Lake, Corridor and Polaris pipeline systems primarily centre around the construction of new diluent receipt and bitumen blend delivery connections. This total also includes completing the previously announced diluent connection to the JACOS Hangingstone oil sands project.

Inter Pipeline's 2016 capital expenditure program initially included commencing the design work to provide transportation capacity to the FCCL Narrows Lake oil sands project. However, this \$290 million connection project has been deferred and no material capital will be spent at this time. Inter Pipeline does not anticipate the deferral will have a negative impact on the future long-term EBITDA associated with this project.

### **Bulk Liquid Storage**

Inter Pipeline continues to experience very strong customer demand for storage services at its European terminals. With 2015 year-end storage utilization rates forecasted to be 97 percent, Inter Pipeline plans to invest a record \$40 million on expansions and other growth projects across this business segment in 2016.

Approximately \$30 million will be spent in the U.K. and Germany on the construction of new storage tanks and associated facilities. This includes completing the previously announced terminal expansion at Inter Pipeline's terminal near Mannheim, Germany. The remaining \$10 million will be directed towards smaller organic growth projects at Inter Pipeline's Sweden and Denmark based terminals.

### **Sustaining Capital**

Sustaining capital expenditures in 2016 are expected to total \$60 million. Approximately \$26 million will be invested to meet corporate requirements driven by Inter Pipeline's growth in recent years. This includes the consolidation of Inter Pipeline's office space to a new corporate headquarters in Calgary which will be completed in the spring of 2016.

Of the remaining \$34 million, \$18 million of sustaining capital will be spent in the European bulk liquid storage business on various tank and equipment upgrades. Inter Pipeline's Canadian NGL extraction and pipeline operations will invest the remaining \$16 million on a number of smaller projects.

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### **Inter Pipeline Ltd.**

Inter Pipeline is a major petroleum transportation, natural gas liquids extraction, and bulk liquid storage business based in Calgary, Alberta, Canada. Inter Pipeline owns and operates energy infrastructure assets in western Canada and Europe. Inter Pipeline is a member of the S&P/TSX 60 Index and its common shares trade on the Toronto Stock Exchange under the symbol IPL. [www.interpipeline.com](http://www.interpipeline.com).

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upon Inter Pipeline's current guidance; fluctuations in currency and interest rates; inflation; the ability to access sufficient capital from internal and external sources; risks and uncertainties associated with Inter Pipeline's ability to maintain its current level of cash dividends to its shareholders; risks inherent in Inter Pipeline's Canadian and foreign operations; risks of war, hostilities, civil insurrection, instability and political and economic conditions in or affecting countries in which Inter Pipeline and its affiliates operate; severe weather conditions; terrorist threats; risks associated with technology; Inter Pipeline's ability to generate sufficient cash flow from operations to meet its current and future obligations; Inter Pipeline's ability to access external sources of debt and equity capital; general economic and business conditions; the potential delays of and costs of overruns on construction projects, including, but not limited to Inter Pipeline's current and future projects; risks associated with the failure to finalize formal agreements with counterparties in circumstances where letters of intent or similar agreements have been executed and announced by Inter Pipeline; changes in laws and regulations, including environmental, regulatory and taxation laws, and the interpretation of such changes to Inter Pipeline's business; the risks associated with existing and potential future lawsuits and regulatory actions against Inter Pipeline and its affiliates; increases in maintenance, operating or financing costs; availability of adequate levels of insurance; difficulty in obtaining necessary regulatory approvals and maintenance of support of such approvals; and such other risks and uncertainties described from time to time in Inter Pipeline's reports and filings with the Canadian securities authorities. The impact of any one assumption, risk, uncertainty or other factor on a particular forward-looking statement cannot be determined with certainty, as these are interdependent and Inter Pipeline's future course of action depends on management's assessment of all information available at the relevant time. You can find a discussion of those risks and uncertainties in Inter Pipeline's securities filings at [www.sedar.com](http://www.sedar.com). The forward-looking statements contained in this news release are made as of the date of this document, and, except to the extent required by applicable securities laws and regulations, Inter Pipeline assumes no obligation to update or revise forward-looking statements made herein or otherwise, whether as a result of new information, future events, or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary note.

All dollar values are expressed in Canadian dollars unless otherwise noted.