

## Inter Pipeline Announces \$400 Million Capital Expenditure Program for 2015

**CALGARY, ALBERTA, JANUARY 20, 2014:** Inter Pipeline Ltd. (“Inter Pipeline”) (TSX: IPL) announced today a \$400 million capital expenditure program for 2015 with a primary focus on the expansion of its oil sands transportation and conventional oil gathering businesses. In 2015, organic growth projects are expected to account for approximately \$340 million of total capital expenditures. The remainder will be spent on sustaining capital requirements across Inter Pipeline’s business segments.

As anticipated, Inter Pipeline’s 2015 capital program is lower than expenditure levels in recent years. Spending in the oil sands transportation business segment, in particular, will be lower as Inter Pipeline completes construction work on the major elements of an integrated \$3.0 billion expansion on its Cold Lake and Polaris pipeline systems.

Planned growth capital expenditures by business segment and sustaining capital requirements for 2015 are described below.

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<b>Capital Expenditure Summary</b>	(millions)	<u><b>2015 Forecast</b></u>
	Growth Capital	
	Oil Sands Transportation*	\$195
	Conventional Oil Pipelines	115
	Bulk Liquid Storage	20
	NGL Extraction*	<u>10</u>
	Total Growth Capital	340
	Sustaining Capital	<u>60</u>
	Total Capital	<u><u>\$400</u></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

### **Oil Sands Transportation**

In 2015, Inter Pipeline expects to spend \$195 million within its oil sands transportation business segment. Approximately \$95 million has been allocated to various diluent delivery and mainline connection projects on the Polaris pipeline system. This includes previously announced projects to deliver diluent products to the JACOS and Athabasca Oil Corp. production sites in northern Alberta.

An additional \$90 million has been allocated to pipeline construction and pump station work on the Cold Lake and Polaris systems. With these expenditures, Inter Pipeline will complete the major construction elements of an integrated expansion project to meet diluent and bitumen blend requirements at FCCL’s Foster Creek and Christina Lake oil sands developments. FCCL is a business venture between Cenovus Energy and ConocoPhillips.

Total capital expenditures for the expansion program are currently estimated at \$3.0 billion, with approximately \$2.6 billion of costs now expended. In support of this investment, FCCL has committed to 850,000 barrels per day of bitumen blend and

diluent capacity under a long-term take-or-pay contract. In 2016 and 2017, Inter Pipeline expects to spend approximately \$290 million to provide transportation capacity to FCCL's Narrows Lake oil sands project. In aggregate, Inter Pipeline will construct 840 kilometres of pipeline and seven mainline pump stations to provide transportation service to FCCL's Foster Creek, Christina Lake and Narrows Lake developments.

Inter Pipeline's capital program in 2015 also includes \$10 million for a number of small scale growth projects on the Cold Lake pipeline system. These include several interconnection projects to add new bitumen blend delivery options at the Hardisty and Edmonton area oil hubs.

### **Conventional Oil Pipelines**

Inter Pipeline's conventional oil gathering business is currently undergoing the largest capital expenditure program in its history. The expansion program is driven by growing production volumes in areas serviced by Inter Pipeline's conventional oil systems.

In 2015, an estimated \$115 million will be spent on the Bow River, Central Alberta and Mid-Saskatchewan pipeline systems to add tank capacity, build new battery connections, and construct new pipeline segments and associated facilities. Of this total, approximately \$60 million is associated with the \$100 million Mid-Saskatchewan expansion program announced in July 2014.

### **Bulk Liquid Storage**

Inter Pipeline expects to spend approximately \$20 million on growth capital projects in its European bulk liquid storage business segment in 2015. In the United Kingdom, approximately \$12 million will be directed towards asset life extension projects and containment related site work. In Germany, approximately \$7 million will be spent on the construction of new tanks at the Inter Terminals storage facility near Mannheim. Our operations in Germany continue to experience strong demand for specialty chemicals storage. Remaining capital expenditures are tied to smaller capital projects at our Denmark based terminals.

### **NGL Extraction**

In the NGL Extraction business segment, Inter Pipeline expects growth capital expenditures of approximately \$10 million in 2015. Investments will focus on several projects to further improve the recovery efficiency of ethane and propane-plus products extracted at Inter Pipeline's Cochrane and Empress straddle plants.

### **Sustaining Capital**

Sustaining capital expenditures in 2015 are expected to total approximately \$60 million. Approximately \$25 million will be invested to meet corporate requirements driven by Inter Pipeline's strong growth in recent years. Inter Pipeline is in the process of consolidating its growing office space requirements at a new corporate headquarters in downtown Calgary. The remaining \$35 million will be spent across the operating businesses.

Within the business segments, European bulk liquid storage is expected to spend about \$15 million on sustaining capital projects. These expenditures include various tank replacements, equipment upgrades, jetty work and corrosion protection and insulation projects in the United Kingdom and Denmark. Sustaining capital expenditures in Inter Pipeline's Canadian pipeline and NGL extraction business segments consist of multiple smaller projects and will total approximately \$20 million.

## **Inter Pipeline Ltd.**

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 and northern Europe. Additional information about Inter Pipeline can be found at [www.interpipeline.com](http://www.interpipeline.com).

Inter Pipeline is a member of the S&P/TSX 60 Index and its shares trade on the Toronto Stock Exchange under the symbol IPL.

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