



Conservation and Water Stewardship

Climate Change and Environmental Protection Division
Environmental Approvals Branch
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www.gov.mb.ca/conservation/eal

CLIENT FILE NO.: 5142.00

July 5, 2012

Mr. Bryan Lankester
President
Tundra Energy Marketing Limited
1000, 715 - 5th Avenue SW
Calgary, Alberta T2P 2X6

Dear Mr. Lankester:

Enclosed is **revised Environment Act Licence No. 2708 R** dated July 5, 2012 issued to Tundra Energy Marketing Limited for the construction and operation of the Development being an oil transport pipeline and terminal located at 12-16-09-28W originating from the Tundra Oil and Gas Sinclair battery site located at 03-04-08-29W within the Rural Municipality of Pipestone and in accordance with the Proposal filed under *The Environment Act* dated October 11, 2005, and additional information dated June 7, 2012. This Licence replaces Licence No. 2708, which is hereby rescinded.

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 Peter Crocker, Environment Officer at 204-726-6565.

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

c: Don Labossiere, Director, Environmental Compliance and Enforcement
Peter Crocker, Environment Officer, Western Region (via email)
Public Registries

NOTE: Confirmation of Receipt of this Licence No. 2708 R (*by the Licensee 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 July 19, 2012.

On behalf of Tundra Energy Marketing Limited

Date

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

LICENCE

Licence No. / Licence n° 2708 R

Issue Date / Date de délivrance December 6, 2005

Revised : July 5, 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 Sections 11(1) and 14 (2) / Conformément au Paragraphes 11(1) et 14 (2)

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

TUNDRA ENERGY MARKETING LIMITED:
"the Licencee"

for the construction and operation of the Development being an oil transport pipeline and terminal located at 12-16-09-28W originating from the Tundra Oil and Gas Sinclair battery site located at 03-04-08-29W within the Rural Municipality of Pipestone and in accordance with the Proposal filed under *The Environment Act* dated October 11, 2005, and additional information dated June 7, 2012, and subject to the following specifications, limits, terms and conditions:

DEFINITIONS

In this Licence:

"**accredited laboratory**" means an analytical facility accredited by the Standard Council of Canada (SCC), or accredited by another accrediting agency recognized by Manitoba Conservation and Water Stewardship to be equivalent to the SCC, or be able to demonstrate, upon request, that it has the quality assurance/quality control (QA/QC) procedures in place equivalent to accreditation based on the international standard ISO/IEC 17025, or otherwise approved by the Director;

"**Director**" means an employee so designated pursuant to *The Environment Act*;

"**dry condition**" means some standing water may be present within a stream bed, without detectable flow;

"**Environment Officer**" means an employee so designated pursuant to *The Environment Act*;

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

"record drawings" means engineering drawings complete with all dimensions which indicate all features of the Development as it has actually been built;

"Standard Methods for the Examination of Water and Wastewater" means the most recent edition of Standard Methods for the Examination of Water and Wastewater published jointly by the American Public Health Association, the American Waterworks Association and the Water Environment Federation;

"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.

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. The Licencee shall, in addition to any of the following specifications, limits, terms and conditions specified in this Licence, upon the request of the Director:
 - a) sample, monitor, analyse 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 or ambient quality, aquatic toxicity, leachate characteristics and discharge or emission rates, for such duration and at such frequencies as may be specified;
 - b) determine the environmental impact associated with the release of any pollutants from the Development; and
 - 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, unless otherwise specified in this Licence:
 - a) carry out all preservations and analyses on liquid samples in accordance with the methods prescribed in the most current edition of Standard Methods for the Examination of Water and Wastewater or in accordance with equivalent preservation and analytical methodologies approved by the Director;

- b) carry out all sampling of, and preservation and analyses on, soil and air samples in accordance with methodologies approved by the Director;
 - c) have all analytical determinations undertaken by an accredited laboratory; and
 - d) report the results to the Director within 60 days of the samples being taken.
3. The Licencee shall submit all information required to be provided to the Director under this Licence, in writing, in such form (including number of copies) and of such content as may be required by the Director, and each submission shall be clearly labeled with the Licence Number and Client File Number associated with this Licence.
 4. The Licensee shall, in the event of a release, spill, leak, or discharge of a pollutant or contaminant in an amount or concentration, or at a level or rate of release, that exceeds the limit that is expressly provided under this Act, another Act of the Legislature, or an Act of Parliament, or in a regulation, licence, permit, order, instruction, directive or other approval or authorization issued or made under one of those Acts, immediately report the release, spill, leak, or discharge by calling 204-944-4888. The report shall indicate the nature of the release, leak, or discharge, the time and estimated duration of the event and the reason for the release, spill, leak, or discharge.
 5. The Licencee shall, prior to commencing construction of the Development, obtain an agreement respecting the construction of the pipeline in the rights-of-way of Provincial Trunk Highways and Provincial Roads with Manitoba Infrastructure and Transportation.
 6. The Licencee shall dispose of non-reusable construction debris and solid waste from the construction and maintenance of the Development at a waste disposal ground operating under the authority of a permit issued under *Manitoba Regulation 150/91*, or any future amendment thereof, respecting *Waste Disposal Grounds* or a licence issued pursuant to *The Environment Act*.
 7. The Licencee shall, during construction of the Development, operate, maintain and store all materials and equipment in a manner that prevents any deleterious substances (fuel, oil, grease, hydraulic fluids, coolant, etc.) from entering any waterbodies, and have an emergency spill kit for in-water use available on site during construction.
 8. The Licencee shall establish any fuel storage areas required for the construction and maintenance of the Development:
 - a) a minimum distance of 100 metres from any waterbody; and
 - b) in compliance with the requirements of *Manitoba Regulation 188/2001*, or any future amendment thereof, respecting *Storage and Handling of Petroleum Products and Allied Products*.
 9. The Licencee shall undertake all instream and riparian work associated with the Development in accordance with the methodologies described in the October, 2005 publication "Pipeline Associated Watercourse Crossings 3rd Edition", published by the Canadian Association of Petroleum Producers (CAPP), the Canadian Energy Pipeline

Association (CEPA), and the Canadian Gas Association (CGA), or any future amendment thereof.

10. The Licencee shall, during construction and following construction of the Development, implement all necessary measures to stabilize disturbed areas to prevent the erosion of exposed soil into any waterbodies.
11. The Licencee shall not alter surface drainage patterns or wetlands during construction of the Development.
12. The Licencee shall, during construction and maintenance of the Development, adhere to the general recommendations on design, construction, and maintenance of stream crossings as specified in the Manitoba Department of Natural Resources guidelines titled *Manitoba Stream Crossing Guidelines for the Protection of Fish and Fish Habitat, May 1996*, and the current versions of applicable federal Department of Fisheries and Oceans Operational Statements.
13. The Licencee shall, on a daily basis throughout construction of the Development, monitor the work activity to ensure that all the environmental management practices outlined in the Proposal are carried out.
14. 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.
15. The Licencee shall construct and operate the Development in accordance with appropriate standards of the Canadian Standards Association.
16. 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.

SPECIFICATIONS, LIMITS, TERMS AND CONDITIONS

17. The Licencee shall notify the assigned Environment Officer of Conservation and Water Stewardship, 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.
18. The Licencee shall, prior to construction, contact the Conservation and Water Stewardship Lands Branch to determine the need for Crown Land reservations within the Development. Only land under Crown Land reservation or easement from private landowners required for the right-of-way of the Development shall be affected by clearing, compacting, grading or

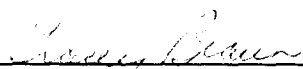
compacting, grading or filling during construction. All construction related traffic shall be restricted to the right-of-way.

19. The Licencee shall construct waterway crossings on flowing waterways by augering, tunnelling or boring. Open cut crossings on flowing waterways shall not be made unless prior consultation with Manitoba Fisheries Branch and Department of Fisheries and Oceans staff has occurred and the prior written approval of the Director has been obtained. During dry conditions, natural and artificial waterways may be crossed with open cut techniques where approval has been obtained from the provincial or municipal authority responsible for the channel.
20. Notwithstanding Clause 19 of this Licence, the Licencee shall not undertake open cut stream crossings associated with the Development before June 15 of any year.
21. The Licencee shall not undertake construction of the Development in wetland areas and in riparian zones adjacent to waterways between April 1 and June 15 of any year.
22. The Licencee shall separate and replace topsoil from backhoe and trenching operations in accordance with the methodology shown in Figures 2 and 3 within Appendix A of the Environment Act Proposal. This requirement is not applicable where the topsoil has been previously disturbed due to the construction of roads and drains.
23. The Licencee shall, during construction, maximize the use of land and bridge routes to transport construction equipment to avoid the riparian zone at the stream crossing sites. The width of the construction activity shall be minimized near aquatic areas and through riparian zones.
24. The Licencee shall obtain authorization under The Water Rights Act prior to conducting hydrostatic testing of the pipeline.
25. The Licencee shall screen hydrostatic test intake pipes in accordance with the ***Freshwater Intake End-of-Pipe Fish Screen Guideline (DFO, 1995)***.
26. The Licencee shall, where open cut stream crossing techniques are used on intermittent waterways and artificial drainage channels, restore the bottom and banks of the waterways to their original elevations and profiles.
27. The Licencee shall re-establish the profile and compact all excavated areas within the Provincial Highway and Municipal Roads rights-of-way.
28. The Licencee shall revegetate soil exposed during the construction of the Development with native or introduced grasses or legumes. Native species shall be used to revegetate areas where native species existed prior to construction. Revegetation is not required for pipelines installed on previously disturbed ground including road allowances.

29. The Licencee shall, prior to operation of the Development, submit for the approval of Director, a Spill Prevention, Preparedness, and Emergency Response Contingency Plan for the Development. The Plan shall describe the approach to be used by the Licencee to implement measures to detect leaks and to contain petroleum in order to protect surface and groundwater.
30. The Licencee shall implement the provisions for leak detection and spill containment as described in the Plan approved by the Director required by Clause 29 of this Licence.
31. The Licencee shall, within one year after the pipeline becomes operational, submit an Environmental Monitoring Report to the Director for approval. The Report shall describe the approach to be used by the Licencee to monitor environmental conditions during operation of the development to ensure that mitigative measures, including leak detection testing, are applied systematically and in a manner consistent with the commitments made in the Environment Act Proposal and the Spill Prevention, Preparedness, and Emergency Response Contingency Plan.

REVIEW AND REVOCATION

- A. This Licence replaces Licence No. 2708, which is hereby rescinded.
- B. 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.
- 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