

AUTHORIZING LAKEHEAD PIPELINE COMPANY, LIMITED PARTNERSHIP  
TO OPERATE AND MAINTAIN  
A PIPELINE AT THE  
INTERNATIONAL BOUNDARY LINE BETWEEN THE  
UNITED STATES AND CANADA

By virtue of the authority vested in me as Under Secretary of State for Economic Affairs of the United States (pursuant to Executive Order 11423 of August 16, 1968 and Department of State Delegation of Authority No. 118-1 of April 11, 1973) and subject to the acceptance of the conditions, provisions, and requirements hereinafter set forth, permission is hereby granted to Lakehead Pipe Line Company, Limited Partnership, a Delaware corporation having its principal office at Superior, Wisconsin, (hereinafter referred to as "permittee") to operate and maintain a pipeline on the borders of the United States in St. Clair County, Michigan for the transport of liquid hydrocarbons between the United States and Canada and to connect this pipeline with like facilities in Canada.

The term "facilities" as used in this permit means the pipelines and any land, structures, installations or equipment appurtenant thereto.

The term "United States facilities" as used in this permit means that part of the facilities in the United States.

As stated in permittee's application of October 23, 1991 for a permit pursuant to Executive Order 11423, the United States facilities of the pipeline project will consist of the following major component:

an existing 30-inch pipeline for crude oil and other liquid hydro-carbons.

The permittee shall maintain such metering facilities as are required by the Commissioner of Customs, provided with an adequate proving system, to be installed and operated in accordance with American Petroleum Institute Code No. 1101, and a suitable sampling device; the installation and operation of said meter, proving system, and sampling device to be subject to the approval of the Commissioner of Customs. The conditions and times of meter reading, meter proving, and sampling shall be as directed by the Commissioner of Customs.

This permit is subject to the following conditions:

Article 1. It is expressly agreed by the permittee that the United States facilities and operations herein described shall be subject to all the conditions, provisions, and requirements of this permit or any amendment thereof, further that this permit may be terminated at the will of the Secretary of State of the United States or his delegate or may be amended by the Secretary of State of the United States or his delegate at will or upon proper application therefor, further that the permittee shall make no substantial change in the location of the United States facilities or in the operation authorized by this permit until such changes shall have been approved by the Secretary of State of the United States or his delegate.

Article 2. The operation and maintenance of the facilities shall be in all material respects as described in permittee's application of October 23, 1991 for a permit pursuant to Executive Order 11423.

Article 3. The construction, connection, operation, and maintenance of the United States facilities shall be subject to inspection and approval by the representatives of any Federal or State agency concerned. The permittee shall allow duly authorized officers and employees of such agencies free and unrestricted access to said facilities in the performance of their official duties.

Article 4. Permittee shall comply with all applicable Federal and State laws and regulations regarding the construction, operation, and maintenance of the United States facilities.

Article 5. Upon the termination, revocation, or surrender of this permit, the United States facilities in the immediate vicinity of the international boundary line shall be removed by and at the expense of the permittee within such time as the Secretary of State of the United States or his delegate may specify, and upon failure of the permittee to remove this portion of the United States facilities as ordered, the Secretary of State of the United States or his delegate may direct that possession of such facilities be taken and that they be removed at the expense of the permittee; and the permittee shall have no claim for damages by reason of such possession or removal.

Article 6. This permit is subject to the limitations, terms, and conditions contained in any orders issued by any competent agency of the United States Government or of the State of Michigan with respect to the United States facilities. This permit shall continue in force and effect only so long as the permittee shall continue the operations hereby authorized in accordance with such limitations, terms, and conditions.

Article 7. The permittee agrees that when, in the opinion of the President of the United States, the national security of the United States demands it, due notice being given by the Secretary of State of the United States or his delegate, the United States shall have the right to enter upon and take possession of any of the United States facilities or parts thereof; to retain possession, management, and control thereof for such length of time as may appear to the President to be necessary to accomplish said purposes; and thereafter to restore possession and control to the permittee. In the event that the United States shall exercise such right, it shall pay to the permittee just and fair compensation for the use of such United States facilities upon the basis of a reasonable profit in normal conditions, and the cost of restoring said facilities to as good conditions as existed as the time of entering and taking over the same, less the reasonable value of any improvements that may have been made by the United States.

Article 8. In the event of transfer of the United States facilities or any part thereof, this permit may remain in force thereafter if the transferee agrees, and notifies the Department of State in writing, that it will comply with all the conditions, provisions, and requirements of this permit or any amendment thereof.

Article 9. (1) The permittee shall maintain the United States facilities and every part thereof in a condition of good repair for their safe operation.

(2) The permittee shall take reasonable precautions to prevent and suppress fires, explosions, or leakage and to avert any conditions on the land traversed or waters affected by the United States facilities which might endanger the safety of these facilities.

(3) The permittee shall save harmless the United States from any claimed or adjudged liability arising out of the construction, operation, or maintenance of the facilities.

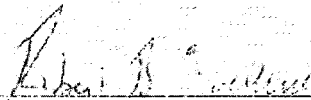
Article 10. The permittee shall acquire such right-of-way grants, easements, permits, and other authorizations as may become necessary and appropriate.

Article 11. The permittee agrees to file with the appropriate agencies of the Government of the United States such statements or reports under oath with respect to the United States facilities, and/or permittee's activities and operations in connection therewith, as are now or as may hereafter be required under any laws or regulations of the Government of the United States or its agencies.

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Article 12. The permittee shall send notice to the Department of State of the United States at such time as the connection authorized by this permit is made at the international boundary line between the United States facilities and the facilities located in Canada.

IN WITNESS WHEREOF, I, Robert B. Zoellick, Under Secretary of State for Economic Affairs of the United States, have hereunto set my hand this 12TH day of DECEMBER, 1991, in the City of Washington, District of Columbia.

  
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