



INTER PIPELINE EXTRACTION LTD.

Cochrane Extraction Plant

**Cochrane Ethane
Recovery Project**

Project Information Document

May 2006

Introduction

This project information document has been prepared to provide landowners and interested stakeholders with information regarding Inter Pipeline Extraction Ltd. (“Inter Pipeline”) proposed modifications to the Cochrane Extraction Plant. The proposed **Cochrane Ethane Recovery Project (“CERP”)** will replace the two lean oil trains with a new cryogenic train and increase ethane recovery from the Cochrane plant. The project will be built entirely within the existing footprint of the plant, and once operational will not create any additional emissions, noise or traffic impacts than currently experienced.

The Cochrane plant, part of Inter Pipeline’s natural gas liquid extraction business segment, is located just north of the Town of Cochrane in the northeast quarter of section 16, township 26, range 4, west of the 5th meridian, straddling the west leg of the TransCanada Alberta natural gas transmission system. In operation since 1970, the Cochrane plant provides valuable feedstock to Alberta’s petrochemical and natural gas liquids industries.

Inter Pipeline intends to proceed with regulatory applications for the proposed project in June 2006. The project requires the following regulatory approvals:

- An application to the Alberta Energy and Utilities Board to add and deactivate equipment within the fence line of the existing Cochrane Extraction Plant process area
- Minor amendments to the existing Alberta Environment facility permit 979-01-04

Inter Pipeline values input from interested stakeholders regarding the proposed modifications to the Cochrane plant and is committed to working with all interested parties to identify and mitigate issues and concerns. To obtain additional information or provide input on the proposed project, please refer to the contact information provided at the end of this document.

Inter Pipeline Fund is a major petroleum transportation, bulk liquid storage and natural gas liquids extraction business based in Calgary, Alberta. Structured as a publicly traded limited partnership, Inter Pipeline Fund owns and operates energy infrastructure assets in western Canada, the United Kingdom, Germany and Ireland. Additional information about Inter Pipeline Fund can be found at www.interpipelinefund.com.

Inter Pipeline Fund is a member of the S&P/TSX Composite Index. Class A Units and convertible debentures trade on the Toronto Stock Exchange under the symbols IPL.UN and IPL.DB, respectively.

Project Description

The proposed **Cochrane Ethane Recovery Project** involves the installation of a single, new state-of-the-art cryogenic processing train, capable of processing 750 to 800 mmcf/d of inlet gas supply and the retirement of the two existing, less efficient, lean oil absorption trains. The **CERP** project will significantly increase ethane recovery from the Cochrane plant by 15,400 b/d, from the current capacity of 65,000 b/d up to 80,400 b/d. Ethane produced at the Cochrane plant is transported on an existing pipeline to Alberta's petrochemical industries to make high value-added products from Alberta's natural gas resource.

Inter Pipeline has been preparing for this proposed project throughout 2005 by upgrading and refurbishing existing licensed equipment to minimize new facilities required. Projects such as the cold box optimization, refurbishing existing electric motors and various other de-bottlenecking activities will allow Inter Pipeline to modernize the Cochrane facility and incorporate the new cryogenic train without adding any additional compression or gas fired equipment. The proposed project will also enable Inter Pipeline to eliminate one gas fired turbine, currently utilized in the lean oil plant. Once the new train is operational there will be no additional emissions, noise or traffic impacts than what is currently experienced.

Inter Pipeline is proposing to run the new state-of-the-art electric drive 750-800 mmcf/d cryogenic train as our main base load processing unit. An essential component of the **CERP**, refurbishing and testing the existing spare 30,000 horsepower electric motor and compressor, was completed in January 2006. Inter Pipeline received approval from the Alberta Electric System Operator, May 1, 2006, to operate this second electric motor.

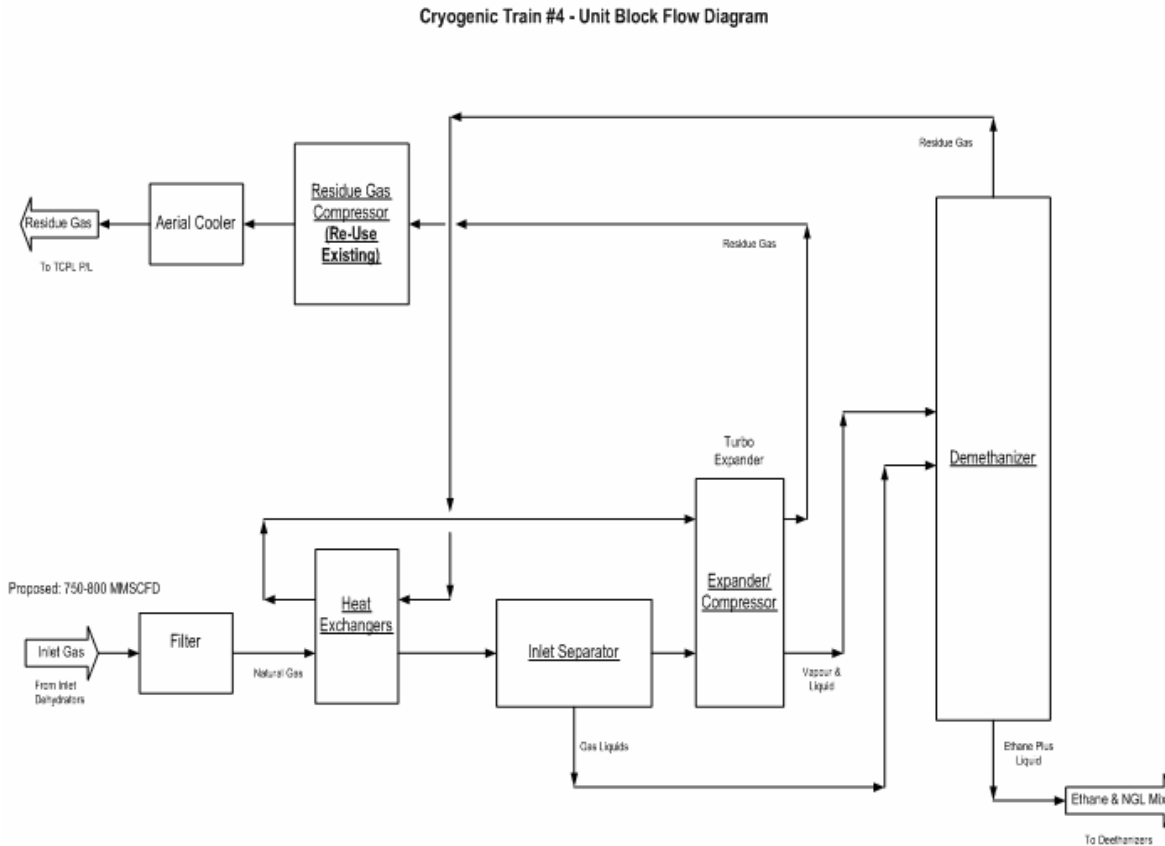
Inter Pipeline is now proceeding with the consultation phase of the proposed CERP in anticipation of filing regulatory applications in June 2006.

The proposed cryogenic train consists of the following major new equipment:

- 2 cold box heat exchangers
- inlet separator
- turboexpander (non-fired equipment)
- demethanizer vessel
- residue gas cooler

In addition to the new equipment installation and related piping and facilities the project will also include the reconfiguration of some existing equipment, utilities and structures within the process area of the plant.

The following diagram illustrates the cryogenic process to be utilized to achieve the incremental ethane recovery.



The project also involves deactivating the two lean oil trains that are currently part of Cochrane’s process that have lower ethane recovery efficiencies. The footprint of the area to be deactivated is illustrated on the attached plot plan.

Major equipment to be deactivated:

- 1 gas fired turbine with 2 compressors
- 2 absorber towers
- 2 deethanizer towers
- 2 fractionation towers
- 1 sponge oil tower

In addition to this major equipment list, numerous exchangers, pumps, process vessels and related facilities will also be removed from use.

Project Schedule

Inter Pipeline has begun the stakeholder consultation process and, subject to regulatory approval, anticipates the following project timeline:

- Stakeholder consultation May 2006 – ongoing throughout construction and implementation
- Regulatory applications filed June 2006
- Construction commences Spring 2007
- Fully operational fourth quarter 2008

Environment and Safety

The proposed **CERP** will be constructed entirely within the existing process area of the Cochrane plant. This project will not add any new compression, or gas fired equipment and will therefore cause no additional emissions, noise or traffic impacts, once construction and commissioning of the new facilities are complete. All incremental ethane recovered will be transported via the existing Alberta Ethane Gathering System (AEGS pipeline) that is contract operated by NOVA Chemicals.

Inter Pipeline has well established health, safety, environmental and asset integrity programs for the Cochrane plant, and has demonstrated a high level of equipment reliability and excellent safety performance. Cochrane's Emergency Response Plan has been in place for many years, is continuously updated, and is approved by the Alberta Energy and Utilities Board. Annual emergency response drills are conducted to ensure people are well trained and equipment is well maintained to respond to emergencies.

Public Consultation

Inter Pipeline will work diligently with all stakeholders to address and resolve concerns regarding the proposed efficiency and modernization modifications to the Cochrane plant. We are committed to a broad and inclusive consultation process and welcome all comments and concerns regarding the proposed **CERP**.

Public information sessions regarding this project will be held:

- May 31, 2006 from 5:00 pm to 8:00 pm RancheHouse in Cochrane

Individual meetings can be arranged upon request.

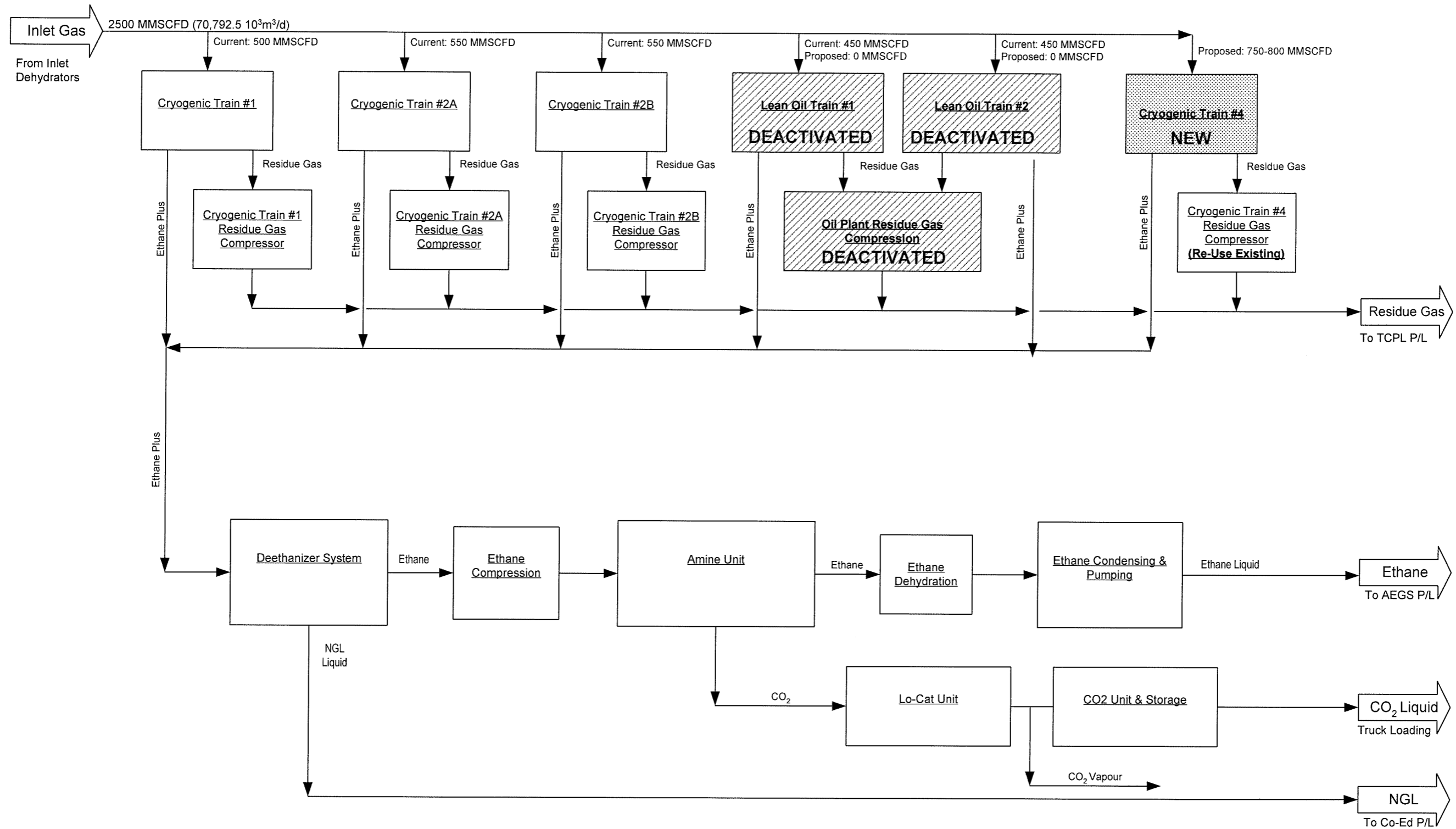
For additional project information or to provide input please contact:

Michelle Dawson
Director, Public & Regulatory Affairs
INTER PIPELINE FUND
Phone: 290-2643 (direct) or toll free 866-716-7473

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Attachments: Plot Plan
Process Flow Diagram
A Letter from the Chairman of the EUB
EUB Brochure: Understanding Oil and Gas Development in Alberta
EnerFAQs No. 8 Proposed Oil and Gas Development: A Landowner's
Guide

Cryogenic Train #4 - Block Flow Diagram



NOTES:								PERMIT STAMP				ENGINEER'S STAMP							
																COCHRANE EXTRACTION PLANT BLOCK FLOW DIAGRAM			
																SCALE: _____ DRAWING NUMBER: BFD-001 REV: 4			
																DPH PROJECT No. 7406x DWG. SIZE 11" x 17"			

NUMBER	TITLE	NO	REVISION	BY	DATE	CKD	APP
4	ISSUED FOR CONSULTATIONS	EB	08/05/06	CMC			
3	ISSUED FOR CONSULTATIONS	EB	08/05/06	CMC			
2	ISSUED FOR CONSULTATIONS	MP	05/05/06	CMC			
1	ISSUED FOR COMMENTS	WK	04/05/06	JF			
0	ISSUED FOR STUDY	WK	21/03/06	JF			