

**AGREEMENT BETWEEN THE STATE OF MICHIGAN AND
ENBRIDGE ENERGY, LIMITED PARTNERSHIP
REGARDING THE TRANSPORTATION OF HEAVY CRUDE OIL
THROUGH THE STRAITS OF MACKINAC PIPELINES**

This Agreement is entered on September 3, 2015, between the Attorney General of the State of Michigan and the Directors of the Michigan Departments of Environmental Quality and Natural Resources, on behalf of the State of Michigan (State) and Enbridge Energy, Limited Partnership (Enbridge).

Definitions

For purposes of this Agreement,

“1953 Easement” means the “Straits of Mackinac Pipe Line Easement [granted by the] Conservation Commission of the State of Michigan to Lakehead Pipe Line Company, Inc. (Lakehead) executed April 23, 1953.

“Heavy crude oil” means any liquid petroleum with an American Petroleum Institute gravity index of less than 22 degrees, including, but not limited to, diluted bitumen.

“Light crude oil” means liquid petroleum with an American Petroleum Institute gravity index of between 31 and 70 degrees.

“Straits of Mackinac Pipelines” or “Straits Pipelines” means that portion of Enbridge’s Line 5 pipeline system consisting of two twenty-inch diameter pipelines located within the area covered by the 1953 Easement.

Background

In the 1953 Easement, the State of Michigan authorized Lakehead to construct, operate and maintain the Straits of Mackinac Pipelines on State-owned Great Lakes bottomlands, subject to the terms and conditions of the Easement.

Enbridge, as the successor-in-interest to Lakehead, currently operates the Straits of Mackinac Pipelines subject to the terms and conditions of the Easement. Among other things, the Easement requires that “at all times [Enbridge] shall exercise the due care of a reasonably prudent person for the safety and welfare of all persons and of all public and private property . . .”

Enbridge operates the Straits Pipelines pursuant to Pipeline and Hazardous Materials Safety Administration regulations (49 C.F.R. Part 195) to transport light crude oil and natural gas liquids and condensates. Enbridge has never transported heavy crude oil on the Straits Pipelines, not due to safety concerns related to heavy crude oil, but because they are part of the Line 5 pipeline system, which was designed, constructed and is currently operated for the purpose of transporting light crude oil, natural gas liquids and condensates. Accordingly, the Straits Pipelines are not transporting heavy crude because, from an engineering perspective, they are part of a pipeline system that is not currently configured to do so and Line 5 would need to be modified in order to transport heavy crude oil efficiently and without impacting the quality of other crudes transported on Line 5.

As detailed in the July 2015 Michigan Petroleum Pipeline Task Force (Task Force) Report, the State of Michigan has reviewed a number of issues and concerns

involving liquid petroleum pipelines within the State generally, and the Straits Pipelines in particular. The Task Force focused on the Straits Pipelines because their location in the Great Lakes presents unique risks of ecological and economic harm in the event of a spill or release of oil.

One issue addressed by the Task Force was the possibility that heavy crude oil may be transported through the Straits Pipelines in the future, and its belief regarding associated risks of transporting such a product. This issue gained higher priority when the Task Force was informed that there was potential demand for increased heavy crude oil for use by refineries served by Enbridge's pipeline system.

The Task Force Report found that because heavy crude oil has different properties from light oil, it is more likely to sink if released into open water. The Report also noted that the U. S. Coast Guard has publicly acknowledged that with existing technologies, it lacks the capacity to effectively respond to spills of heavy crude oil in the Great Lakes.

Enbridge does not agree with the Task Force Report's conclusions regarding the properties of heavy crude oil and notes that the issue of whether the transport of heavy crude oil raises any unique safety or environmental concerns is currently being studied by the National Academy of Sciences (NAS). Enbridge does not concur that transporting heavy oil raises any unique safety or environmental concerns.

The State has concluded that transporting heavy crude oil through the Straits Pipelines would present an unreasonable risk of ecological and economic

harm, and as such, would be inconsistent with the standard of care imposed on Enbridge under the Easement. Enbridge does not agree with the State that transporting heavy crude oil through the Straits Pipelines could present an unacceptable risk.

The State has, however, determined that Enbridge should formally re-affirm its previous statements that it does not transport and has no plans to transport heavy crude oil through the Straits Pipelines.

Accordingly, the State and Enbridge agree as follows:

1. Enbridge does not transport heavy oil through the Straits Pipelines and will not do so in the current engineering configuration and under the current operating parameters of the Straits Pipelines, except as otherwise provided in this Agreement.
2. If, based upon changed circumstances, Enbridge proposes to change the current engineering configuration or operating parameters of the Straits Pipelines in order to transport heavy crude oil through the Straits Pipelines, Enbridge shall, in addition to any other obligation or requirement of applicable law, provide at least 180 days prior written notice to the State that it proposes to do so. The notice shall include documentation of the changed circumstances, and reasonably demonstrate that transportation of heavy crude oil would be consistent with the standard of care under the Easement, taking into

consideration all relevant information, including, but not limited to, compliance with any applicable laws and regulations.

3. The State will respond in writing to Enbridge's proposal within 180 days.
4. Unless the State's written response approves Enbridge's proposal, Enbridge shall not transport heavy crude oil through the Straits Pipelines pending final resolution of any dispute between the State and Enbridge.
5. Notwithstanding anything else in this Agreement to the contrary, if at any time Enbridge is legally required to transport heavy crude oil through the Straits of Mackinac Pipelines, whether
 - a. by order of a regulator or court having jurisdiction over Enbridge or the Line 5 Pipeline, or
 - b. by changes or additions to any law, regulation or rule applicable to Enbridge or the Line 5 Pipeline,

then the stipulations concerning transporting heavy crude oil through the Straits Pipelines under paragraphs 1 and 4 of this Agreement shall not apply to such change of service. In such case, Enbridge shall promptly notify the State of any administrative, judicial or legislative proceeding in which such order or change or addition to applicable law, regulation or rule is proposed.

6. The State and Enbridge consent to the jurisdiction of the U.S. District Court for the Western District of Michigan to enforce this Agreement and to resolve any disputes arising under its terms; provided that if the U.S. District Court does not have jurisdiction over disputes arising hereunder, the State and Enbridge consent to jurisdiction of Emmet County Circuit Court to resolve a dispute arising hereunder.
7. This Agreement shall bind the State, Enbridge and their respective successors and assigns.
8. No amendment to this Agreement shall be effective unless made in writing and executed by persons authorized to bind the State and Enbridge.

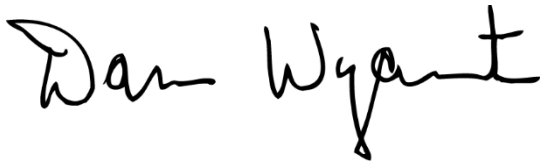
FOR THE STATE OF MICHIGAN

ENBRIDGE ENERGY, LIMITED
PARTNERSHIP
By Enbridge Pipelines (Lakehead)
L.L.C., its General Partner



Bill Schuette, Attorney General
Dated: September 3, 2015

(Name)
(Title)
Dated: _____



Dan Wyant, Director
Department of Environmental Quality
Dated: September 3, 2015

(Signatures continued on following page)



Keith Creagh, Director
Department of Natural Resources
Dated: September 3, 2015

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FOR THE STATE OF MICHIGAN

ENBRIDGE ENERGY, LIMITED
PARTNERSHIP
By Enbridge Pipelines (Lakehead)
L.L.C., its General Partner

Bill Schuette, Attorney General

Dated: _____

(Name) BRAD STAMULA IWK
(Title) VICE PRESIDENT, U.S. OPERATIONS
Dated: 9/3/2015

Dan Wyant, Director
Department of Environmental Quality
Dated: _____

(Signatures continued on following page)