

Interprovincial
Pipe Line
Company



Annual Report 1961

BURNING HALL
SERIES
MAR 28 1962
McGILL UNIVERSITY

INTERPROVINCIAL PIPE LINE COMPANY

Directors

C. E. Carson	J. W. Hamilton
T. S. Johnston	F. C. Lantz
E. D. Loughney	T. F. Moore
W. Harold Rea	R. H. Reid
D. R. Walker	

Officers

<i>President</i>	- - - - -	T. S. Johnston
<i>Vice-President</i>	- - - - -	D. R. Walker
<i>Vice-President</i>	- - - - -	C. E. Carson
<i>General Manager</i>	- - - - -	R. E. Trammell
<i>Treasurer</i>	- - - - -	J. Blight
<i>Secretary</i>	- - - - -	W. A. Hare

Head Office Executive Office Transfer Agents

<i>10830 Jasper Avenue</i>	- - - - -	EDMONTON, ALBERTA
<i>25 Adelaide Street West</i>	- - - - -	TORONTO, ONTARIO
<i>The Royal Trust Company</i>	- - - - -	TORONTO, MONTREAL, HALIFAX WINNIPEG, EDMONTON, VANCOUVER
<i>Chemical Bank New York Trust Company</i>	- - - - -	NEW YORK
<i>Montreal Trust Company</i>	- - - - -	TORONTO, MONTREAL, HALIFAX WINNIPEG, EDMONTON, VANCOUVER
<i>Bank of Montreal Trust Company</i>	- - - - -	NEW YORK

Registrars

HIGHLIGHTS

	1961	1960
<i>Financial</i>		
Gross Income - - - - -	\$ 59,338,993	\$ 55,162,214
Earnings for the year - - - - -	16,096,299	15,480,343
Earnings per share - - - - -	3.17	3.05
Dividends paid - - - - -	14,704,845	14,183,925
Dividends paid per share - - - - -	2.90	2.80
Capital additions to carrier system - - - -	3,057,414	5,440,482
Long Term Debt - - - - -	115,338,814	123,757,528
Number of shares outstanding - - - - -	5,072,493	5,068,343
<i>Operating</i>		
Deliveries of crude oil—barrels - - - - -	145,932,807	127,906,160
Barrel miles—millions - - - - -	170,468	137,483



PRESIDENT'S LETTER

From the standpoint of earnings and the amount of crude oil transported, 1961 was the most successful of any year in Interprovincial's history. Net profit was \$16,096,000, equivalent to earnings of \$3.17 per share on the outstanding common stock, an increase of 4% over the previous year. The quantity of crude oil moved through the system reached an all-time high of 146,000,000 barrels, an increase of 14% over the previous year. Contributing materially to the Company's higher earnings was the increased use of Canadian crude in Ontario refineries. About 10,000 barrels per day more than in 1960 were transported through the system to this area.

The National Oil Policy established by the Canadian Government early in 1961, was the stimulus to increased production and use of Canadian crude oil. The fact that the 1961 target set by the Oil Policy was successfully attained, reflects credit upon the major oil companies that contributed so much to the program. Interprovincial in turn benefited by the larger eastward movement which is expected will be further augmented during 1962. It is anticipated that by 1963 the entire

Ontario market may be utilizing Canadian crude.

For the past several months the question of the importation of foreign crude into the United States has been most actively discussed within the petroleum industry, in the press and at high governmental levels. No decision has as yet been reached as to whether there will be any change in the status of Canadian crude which now enters the United States with no quota restriction such as is imposed upon off-shore crude.

It is unfortunate from the viewpoint of Interprovincial that the problem of United States imports became so prominent at a time when the Company's plans were well along for an extension of the system into the Buffalo, New York refining area. Actual construction of a major nature has been delayed pending receipt of a permit from the United States Government to cross the International border. Further details of this program are outlined in the construction section of this report.

As far as other markets in the United States served by Interprovincial and its

cont'd.

PRESIDENT'S LETTER

American subsidiary are concerned, the movement of crude was with the exception of Michigan and Ohio markets at about the same level as the previous year. There was an increase, however, into the lower Great Lakes area.

Developments during 1961 in the transportation of natural gas liquids were about as anticipated. Interprovincial carried about 600,000 barrels of condensate for the account of various shippers which constituted the Company's entry into this field for the first time. In due course this business will increase as the supply of these light hydrocarbons becomes more readily available and the development of the markets shows further progress. The entire subject is being actively followed by your Management.

Interprovincial did very little in the way of major construction last year. The capacity of the system between Regina and Cromer, where it was apparent there

might be insufficient capacity, was increased by about 38,000 barrels per day. On the other hand, in 1962 plans are under way for a much more extensive construction program which is outlined in further detail elsewhere in this report.

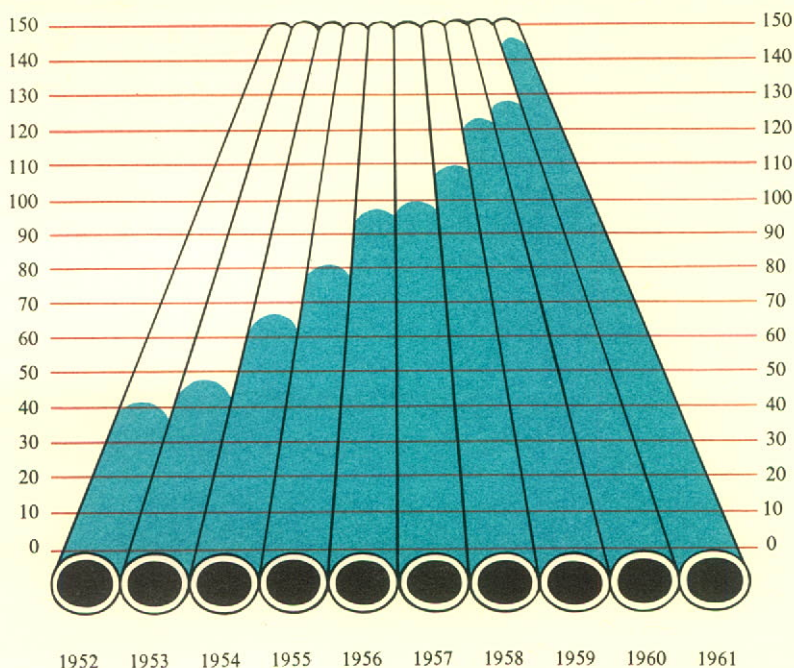
It is always a welcome opportunity in this Annual Report to express the Management's thanks to its employees for their cooperative support during the year. The operation of a pipe line system as large as Interprovincial's continues to be progressively more complicated, particularly with the multiplicity of streams transported. Aided by modern electronic equipment, the staff has shown itself to be remarkably adaptable to the changing conditions. Management too, deeply appreciates the continued interest shown by its shareholders.



President

CRUDE OIL DELIVERIES

millions of barrels



OPERATIONS

1961 showed an appreciable increase in the total volume of oil received for transportation. Compared to 1960, crude oil receipts increased 14% to an all-time high of 146.5 million barrels. Receipts from Alberta and Saskatchewan increased 18% and 10% respectively, while Manitoba continued to decline—down 4%.

Deliveries to Western Canada declined very slightly but the crude transported to Ontario refineries increased 14% over 1960. These long-haul deliveries were beneficial to Interprovincial and were indicative of the success of the National Oil Policy. Deliveries to mid-West refineries in the United States were at about the same level as 1960 but there was an increase of about 22,000 barrels per day on deliveries into the lower Great Lakes area in the United States. The increase in this market was the

result of Canadian crude being more attractive from an economic standpoint to refiners in that area. Deliveries were effected through a joint movement with the Buckeye Pipe Line Company from Port Huron, Michigan as well as by a tanker movement from Bay City, Michigan.

Tanker movements from our Superior terminal, which have been relatively small in the past few years, amounted to about 1,300,000 barrels which, while still not a significant figure, was a slight increase over 1960.

It was mentioned in the last annual report that in due course your Company would participate in the movement of the natural gas liquids which are derived from the gas extraction plants in Western Canada. In 1960 for the first time, about 600,000 barrels of condensate were successfully transported through

the system. It is expected that this movement will grow over the coming years.

The following table shows deliveries by areas in 1961 as compared with 1960:

DELIVERIES OF CRUDE OIL		
<i>(Millions of Barrels)</i>		
	1961	1960
Western Canada - - -	32.3	34.2
United States - - -	33.3	23.0
Superior for Tankers -	1.2	0.9
Ontario - - - - -	79.1	69.8
	<u>145.9</u>	<u>127.9</u>

The marked increase in demand for Canadian crude in Ontario and the United States, combined with the increase in receipts of Alberta production was reflected by the throughput in terms of barrel miles. The total for 1961 of 170.5 billion represents an increase of 24% as compared with an increase of 1.4% in 1960.

There was no significant increase in the number of employees during the year. The total number employed as of the year end (594) represents an increase of slightly over 1%.

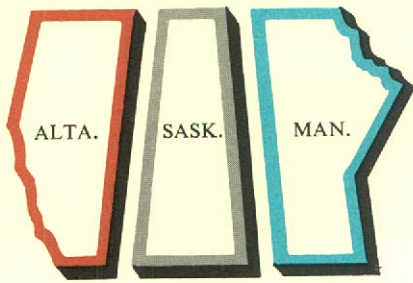
type involving crossing the International border between the United States and Canada, it is necessary to secure a permit from both Governments. In view of the situation existing over the last few months of 1961 dealing with the importation of Canadian crude into the United States, the United States permit has not as yet been issued. Your Management, therefore, has decided that for the time being it will not proceed with any major construction. On the other hand, the survey of the line has now been completed, the acquisition of right-of-way has progressed well and commitments or purchases have been made for main line pipe and certain other materials. It is expected that construction can start early in the spring with the completion of the project in June, 1962.

A 2,000 H.P. diesel unit, installed in the existing station at Glenavon, Saskatchewan was the only major construction project during the year. This unit increased the capacity of the Regina-Cromer section of the line to 370,000 barrels per day, an increase of 38,000 barrels per day.

In 1962, it is proposed to increase the capacity of the system by additional pumping equipment at established and new locations and by constructing two looped sections of line of relatively short length. In Canada, additional pumping units will be added at Hardisty, Alberta; Loreburn, Saskatchewan; Cromer and Glenboro, Manitoba; and a new station will be built at Bryanston, Ontario. In the United States, six new stations will be constructed on the Superior-Sarnia section of the line, and 38 miles of 34" looped line will be laid between Clearbrook and Superior. All new stations will be unattended and remotely controlled. Electric motors will be the

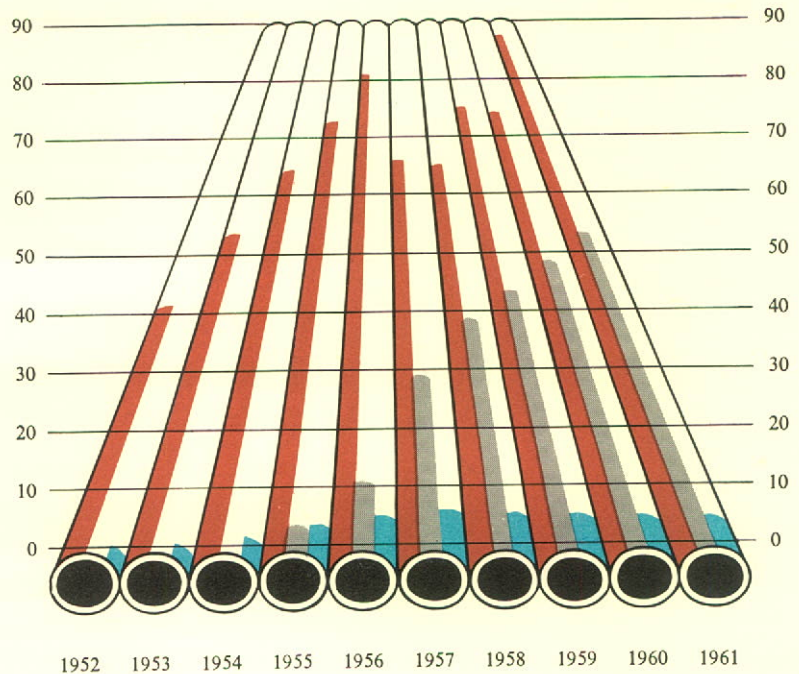
CONSTRUCTION

Early in the year, refineries in the Buffalo, New York, area indicated an interest in receiving Canadian crude by an extension of the Interprovincial system. Detailed studies of this project were made, and in April your Company announced that subject to obtaining the necessary Canadian and United States governmental approval, it was prepared to construct a 93-mile extension from a point north of Hamilton on the existing Sarnia-Port Credit line to the Buffalo refinery area. The original plans called for the construction taking place during the fall of 1961 and the early months of 1962. However, in a pipe line of this



SOURCE OF CRUDE OIL RECEIPTS

millions of barrels



prime movers for all new installations. The cost of this program is estimated at \$11,365,000.

The tabulation below sets forth the capacity of the various sections of the system upon completion of the 1962 construction program.

Edmonton-Regina	360,500 bbls. per day
Regina-Cromer	- 370,000 bbls. per day
Cromer-Gretna	- 466,000 bbls. per day
Gretna-Clearbrook	- 434,000 bbls. per day
Clearbrook-Superior	- 404,000 bbls. per day
Superior-Sarnia	- 416,000 bbls. per day
Sarnia-Toronto	- 162,000 bbls. per day

FINANCIAL

The Financial Statements in this report are a consolidation of Company operations in Canada and the United States during 1961. They include the accounts

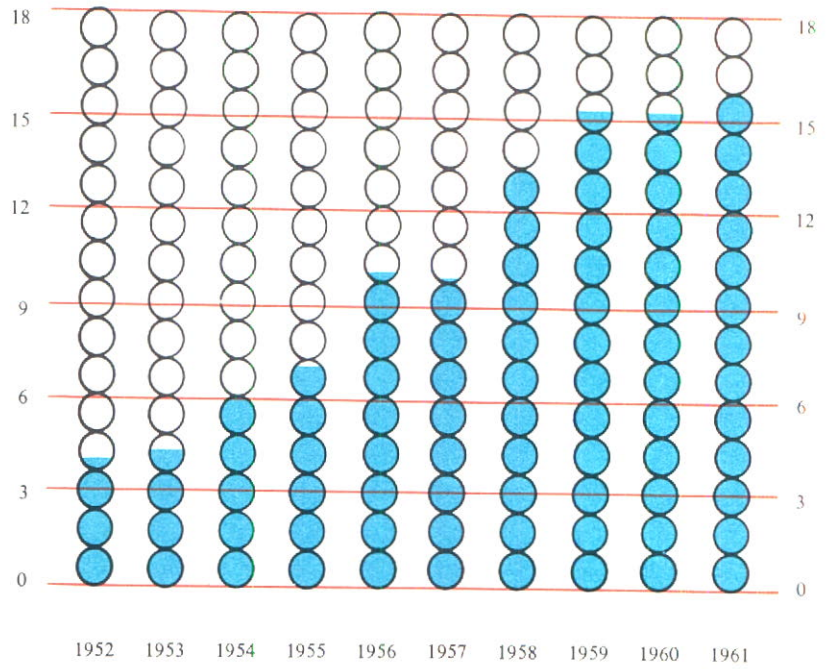
of Interprovincial Pipe Line Company, and its wholly owned subsidiaries Interprovincial Pipe Line Patrol Company Limited in Canada and Lakehead Pipe Line Company, Inc. and Lakehead's subsidiary, Pipe Line Service Company Inc., in the United States.

EARNINGS

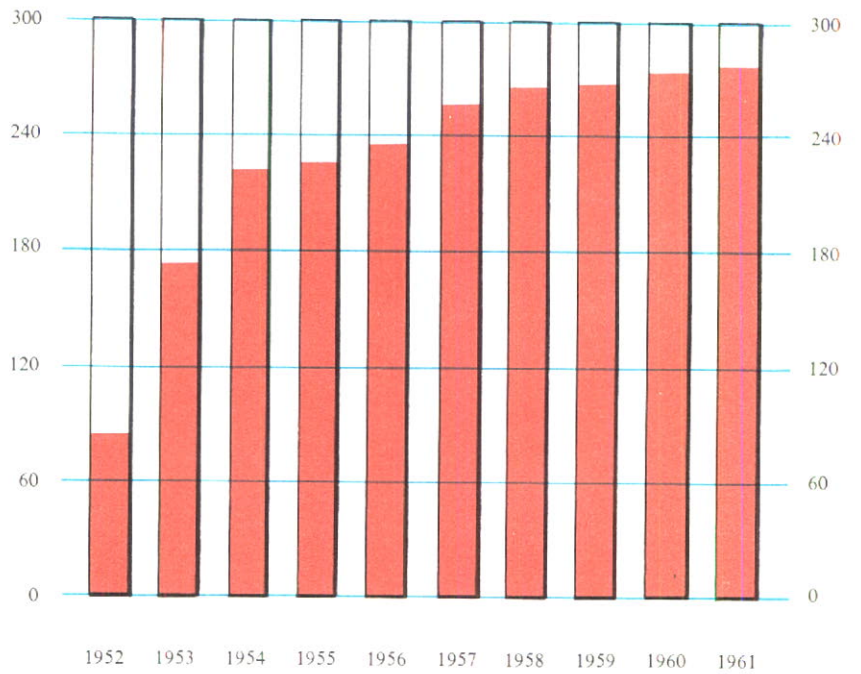
Net earnings for 1961 were \$16,096,299 or \$615,956 higher than 1960 net earnings of \$15,480,343. Based on common shares issued at year-end the earnings equalled \$3.17 per share in 1961 compared to \$3.05 per share in 1960.

As more fully explained in the Notes to Financial Statements under the heading "Provision for Income Taxes", the Company still holds to the opinion, which is confirmed by its counsel, that it has the right to claim as a foreign tax credit the 15% United States tax withheld at source on interest payments from

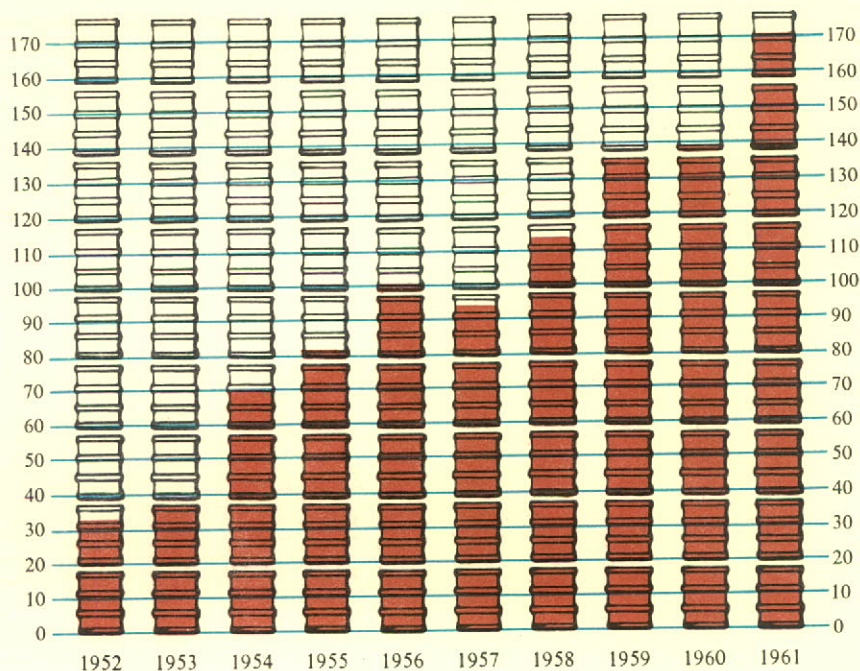
EARNINGS
millions of dollars



INVESTMENT
plant & equipment
millions of dollars



BARREL MILES *billions*
*(one barrel mile equals one barrel
of oil transported one mile)*



its United States subsidiary. The amounts that may be in dispute for 1960 and 1961 have been provided for in each year's income tax provisions.

DIVIDENDS

During 1961 the Company paid three quarterly dividends of 60¢ per share each. On December 1 the quarterly dividend was increased to 70¢ per share and an extra of 40¢ per share was also paid at that time. Thus the total dividend paid for the year was \$2.90 per share which compares with \$2.80 per share paid in 1960. Total dividends disbursed during 1961 amount to \$14,704,845 and \$14,183,925 in 1960.

INCOME AND EXPENSES

Operating Revenue reflecting the substantial increase in deliveries of crude oil in 1961 was at a record \$58,418,728,

an increase of \$5,038,217 or 9.4% over 1960.

Operating Expenses of \$9,293,183 were \$1,033,734 or a 12.5% over the previous year, due for the most part to the generation of greater horsepower necessary to transport the larger volume of oil through the pipe line system. Taxes, other than income taxes, of \$3,222,696 increased \$430,620 or 15.4%, primarily due to higher property tax rates in all four provinces and four states the pipe line crosses.

\$17,402,000 has been provided for income taxes which is an increase of \$2,067,000 or 13.5% over 1960. United States taxes which are reported in Canadian dollars on the Consolidated Statement of Earnings, are considerably higher than the previous year due to a substantial increase in transportation revenue of the United States subsidiary and the shift in the exchange rate of

the U.S. dollar from a discount to a premium basis.

**CAPITAL EXPENDITURES
AND FIXED ASSETS**

A total of \$3,057,414 was expended for capital additions to the carrier system during 1961. Over \$2,000,000 of this amount was spent on acquiring rights-of-way, the purchase of line pipe and construction of tankage for the proposed pipe line extension to Buffalo and is shown under "Incomplete construction" at year-end.

Investment in fixed assets at the end of 1961 is compared with 1960 as follows:

	1961	1960
Land - - \$	615,392	\$ 607,859
Rights-of-way - -	3,223,101	3,223,101

Crude oil pipe line -	202,649,134	202,652,178
Buildings, tanks and equipment	68,483,076	63,425,557
Incomplete construction	2,411,020	4,651,091
	<u>\$277,381,723</u>	<u>\$274,559,786</u>

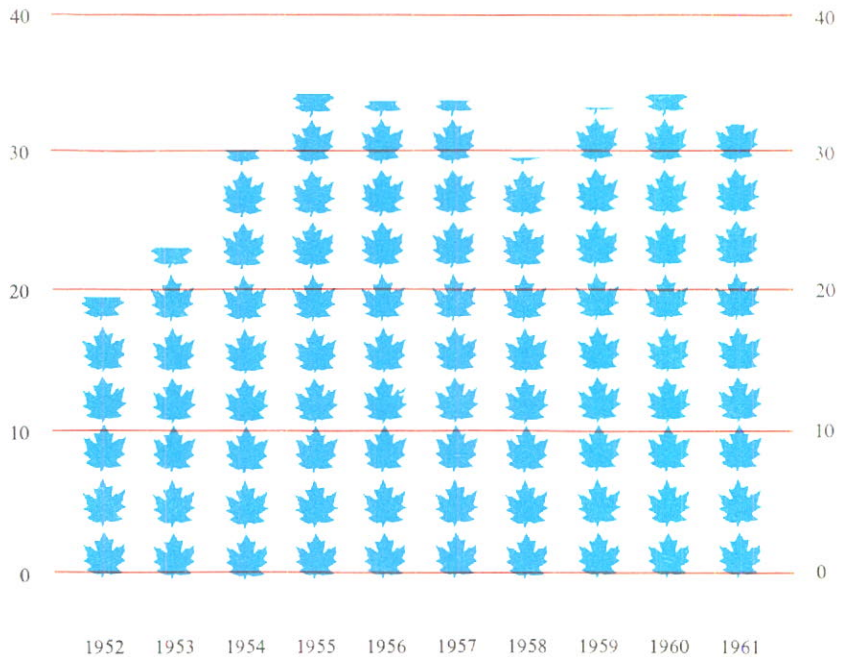
The large increase in 1961 of investment in Buildings, Tanks and Equipment is principally the result of the transfer to completed plant of the 1960 balance in Incomplete Construction.

Capital expenditures for 1962 are now estimated at \$16,135,000 which will include the completion of 1961 construction program almost all of which is the extension of the pipe line to Buffalo. The details of the 1962 construction are more fully explained in the "Construction" section of this report.

CRUDE OIL DELIVERIES / *millions of barrels*

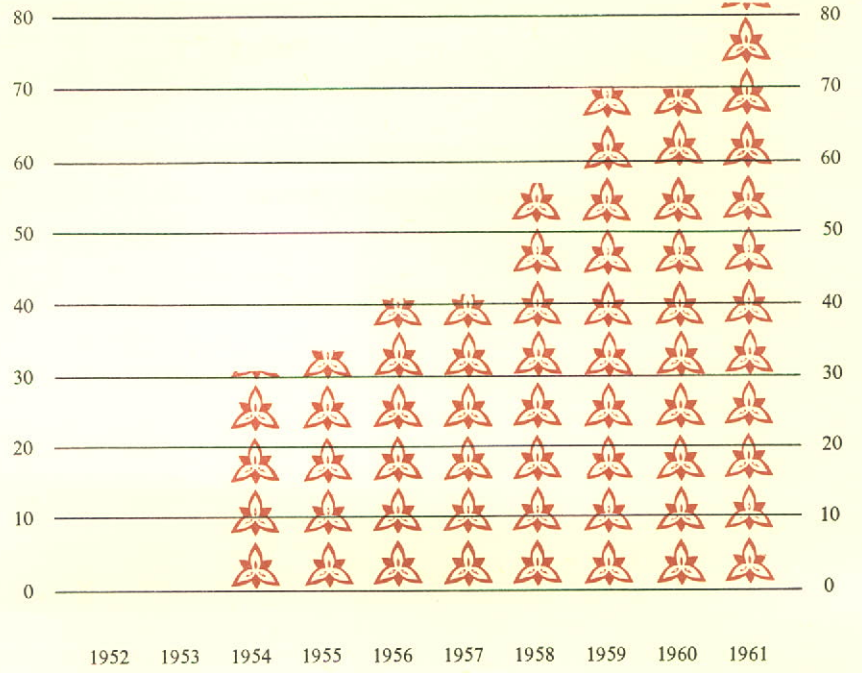


WESTERN CANADA

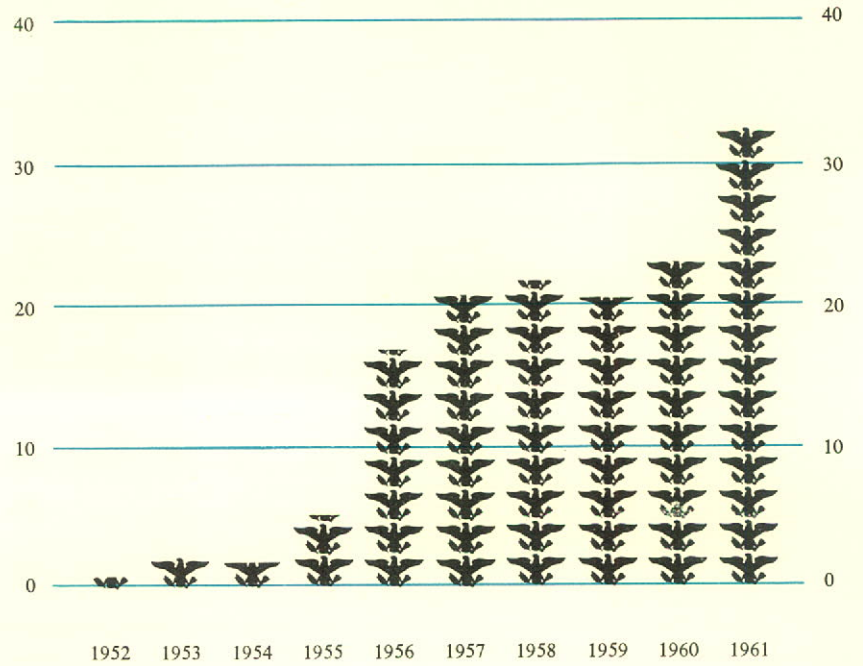




ONTARIO



UNITED STATES



INTERPROVINCIAL PIPE LINE COMPANY *and subsidiary companies*

SOURCE AND DISPOSITION OF FUNDS

<i>Source:</i>	1961	1960
Net earnings for the year - - - - -	\$16,096,299	\$15,480,343
Depreciation - - - - -	8,902,851	8,745,991
Deferred income taxes - - - - -	952,000	1,149,000
Capital stock issues - - - - -	162,738	159,432
Other transactions (net) - - - - -	(32,542)	182,441
	\$26,081,346	\$25,717,207
<i>Disposition:</i>		
Additions to carrier system - - - - -	\$ 3,057,415	\$ 5,440,482
Bond sinking fund requirements - - - - -	8,418,714	7,168,840
Dividends - - - - -	14,704,845	14,183,925
	\$26,180,974	\$26,793,247
<i>Decrease in Working Capital for year</i> - - - - -	(99,628)	(1,076,040)
<i>Working Capital January 1</i> - - - - -	6,920,743	7,996,783
<i>Working Capital December 31</i> - - - - -	\$ 6,821,115	\$ 6,920,743

CAPITAL STOCK

A further 4,150 shares of capital stock were issued for cash during 1961 under the terms of the employees' Incentive Stock Option Plan. The following table shows the number of shareholders and shares held at the end of 1961 compared to 1960:

	1961		1960	
	<i>Shareholders</i>	<i>Shares</i>	<i>Shareholders</i>	<i>Shares</i>
Canada - - - - -	10,599	4,260,295	9,959	4,222,257
United States - - -	1,591	752,264	1,706	782,480
Other Countries - - -	163	59,934	169	63,606
	12,353	5,072,493	11,834	5,068,343

CONSOLIDATED STATEMENT OF EARNINGS

(Expressed in Canadian currency)

	<i>for the years ended December 31</i>	
	<u>1961</u>	<u>1960</u>
<i>Income:</i>		
Operating revenue - - - - -	\$58,418,728	\$53,380,511
Income from government securities and other short term investments - - - - -	475,383	783,269
Profit on company bonds purchased for sinking fund - - -	268,996	514,623
Profit on foreign exchange - - - - -	111,535	317,657
Sundry income - - - - -	64,351	166,154
	<u>59,338,993</u>	<u>55,162,214</u>
<i>Expenses:</i>		
Operating expenses, other than below - - - - -	9,293,183	8,259,449
Taxes, other than income taxes - - - - -	3,222,696	2,792,076
Provision for depreciation - - - - -	8,902,851	8,745,991
Interest on long term debt - - - - -	4,421,964	4,549,355
	<u>25,840,694</u>	<u>24,346,871</u>
<i>Earnings before income taxes</i> - - - - -	<u>33,498,299</u>	<u>30,815,343</u>
<i>Provision for Income Taxes:</i>		
Canada - - - - -	9,002,000	9,495,000
United States - - - - -	8,400,000	5,840,000
	<u>17,402,000</u>	<u>15,335,000</u>
<i>Net earnings for the year</i> - - - - -	<u>\$16,096,299</u>	<u>\$15,480,343</u>
<i>Net earnings per share</i> - - - - -	<u>\$3.17</u>	<u>\$3.05</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

(Expressed in Canadian currency)

	<i>for the years ended December 31</i>	
	<u>1961</u>	<u>1960</u>
<i>Balance at January 1</i> - - - - -	\$34,246,277	\$32,949,859
Net earnings for the year - - - - -	16,096,299	15,480,343
	<u>50,342,576</u>	<u>48,430,202</u>
Dividends - - - - -	14,704,845	14,183,925
<i>Balance at December 31</i> - - - - -	<u>\$35,637,731</u>	<u>\$34,246,277</u>

The accompanying notes are part of the financial statements.



INTERPROVINCIAL PIPE LINE COMPANY *and subsidiary companies*

ASSETS

	<i>as at December 31</i>	
	1961	1960
<i>Current Assets:</i>		
Cash - - - - -	\$ 556,898	\$ 402,799
Deposits with bondholders' trustees and banks for interest and sinking fund payments - - - - -	876,717	911,594
Government securities and other short term investments, at lower of cost or market, plus accrued interest - - - -	13,379,133	11,915,861
Accounts receivable—		
Transportation charges - - - - -	4,543,800	2,996,168
Claims and other accounts receivable - - - - -	274,078	294,385
Inventories—		
Crude oil (from pipe line allowance), at quoted market price	484,434	520,822
Materials and supplies, at cost - - - - -	1,010,713	999,280
Prepaid expenses - - - - -	235,983	251,585
	<u>21,361,756</u>	<u>18,292,494</u>
<i>Other Assets and Deferred Charges:</i>		
Mortgages receivable - - - - -	51,239	53,945
Unamortized premium and expense on long term debt (net)	224,616	248,583
Operating oil supply - - - - -	146,642	147,021
Other - - - - -	138,116	40,087
	<u>560,613</u>	<u>489,636</u>
<i>Fixed Assets:</i>		
Carrier system and other physical properties, at cost - - -	277,381,723	274,559,786
Less—Accumulated depreciation - - - - -	67,920,495	59,235,944
	<u>209,461,228</u>	<u>215,323,842</u>
	<u>\$231,383,597</u>	<u>\$234,105,972</u>

CONSOLIDATED BALANCE SHEET *(expressed in Canadian currency)*

LIABILITIES

	<i>as at December 31</i>	
	1961	1960
<i>Current Liabilities:</i>		
Accounts payable - - - - -	\$ 984,813	\$ 840,491
Bond interest payable - - - - -	1,488,638	1,552,715
Accrued income and other taxes - - - - -	11,894,031	8,978,545
Bond sinking fund payments due within one year - - - - -	173,159	—
	14,540,641	11,371,751
<i>Long Term Debt</i> - - - - -	115,338,814	123,757,528
<i>Provision for Employee Retirement Benefits</i> - - - - -	165,916	144,659
<i>Deferred Income Taxes</i> - - - - -	20,813,000	19,861,000
<i>Shareholders' Equity:</i>		
Capital stock—		
Authorized—\$200,000,000 divided into 40,000,000 shares, par value \$5 each		
Issued—1961—5,072,493 - - - - -	25,362,465	
1960—5,068,343 - - - - -		25,341,715
Premium on shares - - - - -	19,525,030	19,383,042
Retained earnings, per accompanying statement - - - - -	35,637,731	34,246,277
	80,525,226	78,971,034
<i>Signed on Behalf of the Board:</i>		
 Director		
 Director		
<i>The accompanying notes are part of the financial statements.</i>	\$231,383,597	\$234,105,972

NOTES TO FINANCIAL STATEMENTS

LONG TERM DEBT:

Long term debt of \$115,338,814 at December 31, 1961 comprises First Mortgage and Collateral Trust Bonds of Interprovincial Pipe Line Company, authorized with no fixed limitation, issued and outstanding as follows:

	Series A 3½% due January 1 1970	Series B 3½% due January 1 1970	Series C 4% due April 1 1973	Series D 3⅝% due April 1 1974	
	(Canadian dollars)	(United States dollars)			
Issued - - - - -	\$37,000,000	35,000,000	60,000,000	30,000,000	
Redeemed - - - - -	13,463,000	12,737,000	12,000,000	4,832,000	
Bonds outstanding - - - - -	23,537,000	22,263,000	48,000,000	25,168,000	
<i>Less:</i>					
Bonds purchased and held for sinking fund - - - -	932,000	1,869,000	1,333,000	418,000	
Other sinking fund payments due within one year - -	—	—	—	166,000	
	<u>932,000</u>	<u>1,869,000</u>	<u>1,333,000</u>	<u>584,000</u>	
Amount due after 1962 - - - - -	<u>\$22,605,000</u>	<u>20,394,000</u>	<u>46,667,000</u>	<u>24,584,000</u>	
Amount due after 1962 in terms of Canadian dollars at historical rates of exchange - - - - -	<u>\$22,605,000</u>	<u>22,535,370</u>	<u>46,094,600</u>	<u>24,103,844</u>	<u>115,338,814</u>

The Company provided for most of the 1962 sinking fund requirements by purchase of its bonds at a discount of \$268,996. Bond sinking fund requirements for 1963 to 1966 are as follows:

	Series A (Canadian dollars)	Series B	Series C	Series D
		(United States dollars)		
1963 - - - - -	\$2,049,000	950,000	2,666,000	1,250,000
1964 - - - - -	2,056,000	1,944,000	2,833,000	1,332,000
1965 - - - - -	2,312,000	2,188,000	3,000,000	1,416,000
1966 - - - - -	2,312,000	2,188,000	3,167,000	1,500,000

PROVISION FOR INCOME TAXES:

Bond interest paid by the United States subsidiary to the Company is subject to a 15% withholding tax which the Company claims as a foreign tax credit for Canadian income tax purposes. This credit is presently the subject of discussion with the Canadian income tax authorities. Counsel has advised the Company that

notwithstanding 1960 amendments to the Income Tax Act it is entitled to claim such withholding tax as a foreign tax credit. Pending determination of the issue it was considered prudent to make provision for additional income taxes of \$311,000 in 1961 and \$363,000 in 1960 to cover the full amount of United States withholding tax paid.

DEFERRED INCOME TAXES:

The companies' policy is to provide for depreciation of Fixed Assets on the straight line method at annual rates which will amortize the cost of depreciable properties over their estimated service lives. Under Canadian and United States income tax regulations more depreciation may be deducted for tax purposes than the provision recorded on the books of the companies. The companies are taking advantage of the maximum deductions permitted for tax purposes and as a result income taxes payable in respect of 1961 will amount to \$16,450,000 whereas \$17,402,000 was charged to earnings. The difference of \$952,000 is applicable to future years when amounts deductible for tax purposes will be less than the depreciation recorded in the accounts and is accordingly carried on the Consolidated Balance Sheet, together with similar amounts in respect of prior years, under the heading Deferred Income Taxes.

INCENTIVE STOCK OPTION PLAN:

Under the Company's Incentive Stock Option Plan, options on 50,000 shares have been granted to December 31, 1961 at the market price on the date of option. During 1961 options on 4,150 shares were exercised which, together with options for 28,511 shares exercised in prior years, leaves a balance of 17,339 shares under option at the year-end.

FOREIGN EXCHANGE:

United States dollar amounts included in the consolidated financial statements have been expressed in Canadian dollars on the following bases:

Current assets and liabilities, at the rate of exchange at December 31;

Other assets and liabilities at historical rates of exchange and accumulated depreciation on the basis of equivalent Canadian dollar cost of the related fixed assets;

Income and expenses, at monthly rates of exchange, except for depreciation which is translated on the same basis as the related fixed assets.

Profits and losses arising from the foregoing methods are shown on the Consolidated Statement of Earnings as Profit on Foreign Exchange.

SALARIES OF EXECUTIVE OFFICERS, COUNSEL FEES AND DIRECTORS' FEES:

The total amount deducted on the Consolidated Statement of Earnings in respect of salaries and other remuneration paid or payable to counsel, solicitors and executive officers, including a salaried director, was \$133,583 in 1961. In addition, fees paid to certain non-salaried directors amounted to \$3,200 for the year.

TEN YEAR REVIEW

	1961	1960
FINANCIAL (In thousands of dollars)		
Gross Income - - - - -	\$ 59,339	55,162
Expenses - - - - -	\$ 25,841	24,347
Income Taxes - - - - -	\$ 17,402	15,335
Net income - - - - -	\$ 16,096	15,480
Net income per share - - - - -	\$ 3.17	3.05
Dividends paid - - - - -	\$ 14,705	14,184
Dividends paid per share - - - - -	\$ 2.90	2.80
Working Capital - - - - -	\$ 6,821	6,921
Capital additions to carrier system - - - - -	\$ 3,057	5,440
Investment in carrier system (cost) - - - - -	\$277,382	274,560
Investment in carrier system (net) - - - - -	\$209,461	215,324
Long term debts - - - - -	\$115,339	123,758
Number of shares outstanding - - - - -	5,072,493	5,068,343
Number of shareholders - - - - -	12,353	11,834
OPERATING		
RECEIPTS OF CRUDE OIL (In thousands of barrels)		
Alberta - - - - -	88,226	74,823
Saskatchewan and Manitoba - - - - -	58,232	53,681
Total - - - - -	<u>146,458</u>	<u>128,504</u>
DELIVERIES OF CRUDE OIL (In thousands of barrels)		
Western Canada - - - - -	32,257	34,236
United States - - - - -	33,303	23,018
Tanker loadings for Ontario - - - - -	1,220	923
Ontario - - - - -	79,153	69,729
Total - - - - -	<u>145,933</u>	<u>127,906</u>
BARREL MILES (millions) - - - - -	170,468	137,483

INTERPROVINCIAL PIPE LINE COMPANY *and subsidiary companies*

1959	1958	1957	1956	1955	1954	1953	1952
56,097	49,910	41,930	42,569	34,402	29,583	18,945	19,193
24,059	23,970	22,370	22,745	20,433	17,981	11,084	10,206
16,434	12,844	9,596	9,650	6,938	5,550	3,427	4,879
15,604	13,096	9,964	10,174	7,031	6,052	4,434	4,108
3.08	2.59	1.97	2.01	1.40	1.20	.88	1.14(1)
11,389	9,103	7,075	5,548	3,528	2,268	756	977
2.25	1.80	1.40	1.10	.70	.45	.15	.30
7,997	276	1,329	15,780	14,296	7,418	17,971	10,148
2,667	11,200	22,853	9,580	2,872	50,617	81,166	12,336
269,626	267,270	256,966	234,561	226,561	223,936	173,578	92,466
218,665	224,700	222,573	207,684	206,786	210,883	165,993	87,805
130,926	137,479	143,716	149,154	154,281	157,627	130,735	73,943
5,063,313	5,057,813	5,056,533	5,050,343	5,039,832	5,039,832	5,039,832	3,526,280(2)
11,901	12,129	11,966	10,969	8,699	8,002	7,177	1,895
75,411	65,088	66,063	81,565	72,899	64,706	53,593	41,773
48,165	45,488	35,408	16,719	8,049	2,089	629	47
<u>123,576</u>	<u>110,576</u>	<u>101,471</u>	<u>98,284</u>	<u>80,948</u>	<u>66,795</u>	<u>54,222</u>	<u>41,820</u>
32,705	29,512	33,751	33,733	34,306	30,137	23,045	19,760
20,353	21,327	20,664	16,868	5,270	1,638	2,550	1,106
—	1,748	4,119	5,662	7,044	2,943	22,558	20,349
69,864	56,912	41,362	40,479	33,948	31,324	—	—
<u>122,922</u>	<u>109,499</u>	<u>99,896</u>	<u>96,742</u>	<u>80,568</u>	<u>66,042</u>	<u>48,153</u>	<u>41,215</u>
135,569	113,997	94,994	100,486	81,041	69,946	38,398	33,652

(1) Adjusted on the basis that all Convertible Debentures exchanged for equivalent shares.
(2) Adjusted to reflect ten for one stock split in 1953.

AUDITORS' REPORT

To the Shareholders of

INTERPROVINCIAL PIPE LINE COMPANY:

We have examined the consolidated balance sheet of Interprovincial Pipe Line Company and subsidiary companies as at December 31, 1961 and the consolidated statement of earnings and retained earnings for the year ended on that date and have obtained all the information and explanations we have required. Our examination was made in conformity with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and consolidated statements of earnings and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at December 31, 1961 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PricewaterhouseCoopers

Chartered Accountants.

EDMONTON, February 9, 1962.

