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Saskatchewan... A Happenin' Place!



Tour of the expanded Queen Elizabeth Power Station

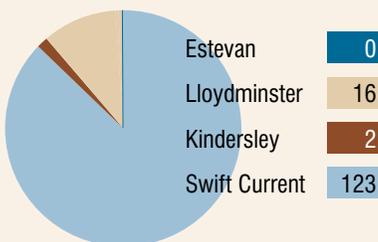
The bulk of the new tie-in activity for TransGas is typically on the receipt side of the business. With the higher drilling levels over the last few years, TransGas has seen a mixture of increasing flows at existing receipt points and many requests for new receipt points. Throughout 2001, there was a significant amount of activity on the delivery side of the business too. Three major industrial projects account for most of this activity.

A new delivery meter station was constructed to serve SaskPower's expanded Queen Elizabeth Power Station last year. This new station provides increased flow capabilities to the power station. It features significantly reduced sound levels inside the meter building, a design that is aesthetically consistent with the river valley landscape and a new pressure control and monitoring system. This meter station was commissioned in October 2001.

SaskEnergy and TransGas are in the process of completing a new delivery meter for a cogeneration project located at the Potash Corporation of Saskatchewan's Cory Potash Mine. This project will be commissioned during 2002.

DID YOU KNOW ?

That as of March 1, 2002 there have been 141 gas wells drilled in Saskatchewan compared to 92 in March 2, 2001?



Consumers Cooperative Refineries Ltd. (CCRL) is in the midst of a refinery expansion and to accommodate the increased natural gas requirements, TransGas is constructing a new delivery station during 2002.

These new delivery stations will provide a significant increase in the delivery capabilities of the TransGas/SaskEnergy systems. These long-term delivery customers will provide a stable source of transportation revenue for many years to come.

On the receipt side of the business, TransGas also had a steady year during 2001. Producer activity was buoyed by the strong cashflow experienced in late 2000 and early 2001 due to the high commodity prices. However, the majority of the upstream investment in Saskatchewan natural gas projects was in development projects to replace the declines in production from existing wells. Of the 1,366 gas wells cased during 2001, 1,173 were in the Swift Current area, 92 in the Lloydminster area, 96 in the Kindersley area and 5 in the Estevan/Weyburn area. Much of this activity was behind existing infrastructure as is evidenced by relatively low number of receipt tie-ins to the TransGas system (14 new tie-in projects adding about 61 TJ/day of receipt capacity).

Looking forward at activity in 2002, TransGas is seeing several encouraging trends. Based on the recent discussions with several customers, there is increased interest in moving Alberta-sourced gas through the TransGas system at existing border points. With the AECO to Empress differential now trading at full value there is an increased financial incentive for producers to move gas through the TransGas system to interconnecting pipelines. As well, over the last year, there has been a significant amount of land sale activity in gas prone areas, indicating that there will likely be increased exploratory drilling during 2002. Saskatchewan Energy and Mines announced, after their 2002 February 7 Land Sale, that natural gas again dominated the sale results. Of note was a single parcel in the Shackleton area that sold for \$650,768.



Delivery meter and regulator runs for new PCS Cory cogeneration project.



Outside view of PCS Cory meter station.

PCS Cory mine and new station.

Saying Goodbye to an old friend and colleague

It's hard to believe that someone as young as Dennis Orb started working at this company nearly 40 years ago. Many of you may know him as one of the friendly faces of Customer Services and Contracts, while others may remember him from the early eighties in Gas Supply. We doubt any of you will remember Dennis when he started working in construction in July of 1963! One thing is for sure, no matter where you met Dennis Orb, you remember him. Although Dennis has moved from one department to another throughout his career, he has added his special touch to every project and relationship he developed along the way.

"Not very many people can say that they had a 39 year career with one company," Vice President Dean Reeve said. "Dennis epitomizes what our company is all about - hard work, dedication and a commitment to customer service. Dennis has made a tremendous contribution to our company. His knowledgeable, good natured approach to serving customers is well-respected throughout the industry. His departure will be felt by everyone he worked with and all of his business associates."

With more time on his hands, Dennis plans to spend more time with his lovely wife, Jerri, his children and grandchildren, and plenty of time in his new boat! Congratulations Dennis. We will all miss you very much!

Dennis' retirement party will be held on May 2nd in Regina. For more information, please contact Kathy Milgaard at (306) 777-9994 or e-mail Kathy at kmilgaard@transgas.com



Kathy Milgaard prepares to take a swipe at the piñata while Dennis cheers her on.

Dennis poses with his look-alike piñata head at a Connection to Value get-together.



Did You Know?



Regina is home to the Petroleum Technology Research Centre Inc. (PTRC). The PTRC is a non-profit petroleum research and development corporation that brings a fresh approach to finding, developing and applying innovative technologies and engineering solutions for the petroleum and gas industries. It is a collaborative initiative of Natural Resources Canada, Saskatchewan Energy and Mines, the University of Regina, and the Saskatchewan Research Council. Through joint industry projects, the PTRC will ensure that oil and gas production in Saskatchewan continues for many years to come! Check out the PTRC's web site for more information at www.ptrc.ca/index2.html

Shipper imbalances and daily business

Over the last few months, TransGas has been working diligently with our customers to rollout Phase I of our Connection to Value initiative. As a result of requests by you, our customers, we have provided more daily information and have built several electronic business applications for administrative ease.

With Connection to Value, TransGas removed the imbalance penalties associated with transportation accounts, choosing rather to work with customers to bring accounts back into balance, allowing us to provide a safe, reliable and efficient transportation service while providing our customers with as much flexibility as possible.

TransGas is very pleased to provide this daily service. Since November 01, we have been working with our customers to transition to this new daily business while improving the quality of the data in our electronic business applications. We've completed the transition and now TransGas will be closely monitoring the Shipper Imbalance Accounts to ensure that they remain within tolerance pursuant to the terms and conditions in the TransGas comprehensive tariff. If you don't already have access to your accounts through the new web applications, please contact your Key Account Manager or call our general inquiries number (306) 777-9999 to "get connected".

Our Key Account Managers have been calling customers to alert them to their out of tolerance status. This out of tolerance status has been affecting TransGas operations and could ultimately affect your business interests. As a result, we ask that you closely monitor your Shipper Imbalance position and take the necessary corrective actions to remain within tolerance.

We greatly appreciate the patience of our customers while we have implemented the new business systems and worked on our data integrity issues. TransGas will be continuing our efforts to provide the highest level of service possible to you, our valued customers.

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Changes to SaskEnergy Act

The SaskEnergy Act may be adjusted to help attract additional oilpatch business.

The changes are aimed at supporting specific oilfield customer applications whereby isolated customers could install extra length supply lines from their operations to a Transgas/SaskEnergy metering point. This has already happened in a few instances where a joint solution was reached with a customer and we would like to encourage this type of individual customer growth. However, it's important to note that the proposed changes in no way diminish or weaken franchise rights in the province of Saskatchewan and that TransGas and SaskEnergy will continue to manage where their respective facilities will be installed. Changes to the Act could be finalized and passed during the spring 2002 legislative session.

DID YOU KNOW ?

That for the second consecutive year, SaskEnergy has received an award for Editorial Merit from Oilweek magazine for our annual report?

More than 90 companies from across Canada entered this year's competition, with only 21 reports receiving an award in the areas of editorial merit, graphic merit, financial statements and analysis, and corporate websites.

Open Season

TransGas held an open season for capacity on its system in southwestern Saskatchewan in January. More specifically, this Open Season was for receipt service and applied to all laterals connecting to the Shaunavon Pipeline. The Open Season ran from 2002 January 29 to 2002 February 8. Only one request was received for 10 000 GJ/day of firm demand. TransGas is now assessing how best to provide capacity to accommodate this request. Although the Open Season is now closed, any further shippers requiring capacity on this part of the TransGas system can still make a standard request and, if capacity is not available at the time of the request, can obtain a queue position for the capacity.

Storage Renewals

February 1st was our deadline for notice of any Storage Service de-contracting. All contracts were renewed with the exception of 1,600,000 GJs of Summer Use Storage which was scheduled to terminate on October 31, 2001 and was no longer offered by TransGas.

This means storage contracting for 2002/2003 will again be fully subscribed with a total of 32,493,185 GJs of volume and 518 TJs/day of deliverability. A further 368,000 GJs of Summer Use Storage remains contracted for the coming year bringing our total contracted storage volume to 32,861,185 GJs.

TransGas is pleased that our storage service continues to be regarded as a valuable offering to our customers. TransGas is investigating options for expanding this service to meet market needs!

DID YOU KNOW ?

The TransGas web address is now "transgas.com"? Surf our site and take a look at our facilities map, check out what's new, and learn more about our company!



TransGas Continues to Promote Pipeline Safety

On January 10, 2002 TransGas held an open house and tour of the Mannville and Pierceland Field Compressor Stations. The site tours provided the first responders and local residents a chance to see the equipment that had been installed and inform them about TransGas operations, as well as how the compression and dehydration facilities operate. A strong emphasis was placed on the design parameters related to safety and the environment.



Also emphasized was the importance of calling TransGas for line locates prior to excavating or installing fences, buildings, etc. in the vicinity of our pipelines. The guests were informed that line locates were provided free of charge, and were also shown the newly created TransGas First Response Video.



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TransGas 2002 system capacity available

Service	Location	Firm Status And Interruptible
A. Compression	Coleville	Yes
B. Gathering	Coleville	Yes
C. Receipt Transmission	Hatton-Success	Yes
	Bayhurst Area	
	Loomis-Cypress Area	See Note 1
	Estevan-Steelman Area	Yes
	Coleville - Unity Area	Yes
	John Lake, Beacon Hill Areas	Yes
	TCPL Interconnects(Unity, Cold Lake, Empress)	Yes
D. Delivery Transmission (Export)	TCPL (Bayhurst and Success)	Yes
	Foothills (Piapot)	Yes
	Williston Basin (North Portal)	See Note 1
E. Delivery Transmission (Intra)	Various Saskatchewan Delivery Points	See Note 2
F. Storage (Volume and Deliverability)		
	- Firm	No
	- Summer Use	No

- Notes:**
1. Only interruptible available.
 2. Some constrained delivery laterals exist that are currently fully contracted.

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TransGas Transport & Storage Update

The actual 2001 total transport deliveries were 320 PJ, which was 7% less than 2000 actual transport.

The peak day transport for this winter to date occurred on January 28 at 1.35 PJ, 4% greater than the design peak day transport for this winter. The actual transport was slightly greater than design due to interruptible transport volumes flowing. The total system transport on January 28 of 1.35 PJ was 88% of the all-time system transport that occurred on February 6, 1994. The total Saskatchewan load deliveries on January 28 were 0.95 PJ, 96% of the all-time Saskatchewan load deliveries that occurred on February 1, 1996.

The actual net storage production for the 2001/2002 winter to February 22 is 12 PJ, which is 48% of design (13 PJ less than design). For the same four-month winter period during the 2000/2001 winter, the actual net storage production was almost double at 22 PJ. The peak daily storage production this winter to date occurred on January 28 at 450 TJ/d, 90% of 2001/2002 design.

The Saskatchewan Connection

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