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Producers Finding and Producing More Gas in Saskatchewan!

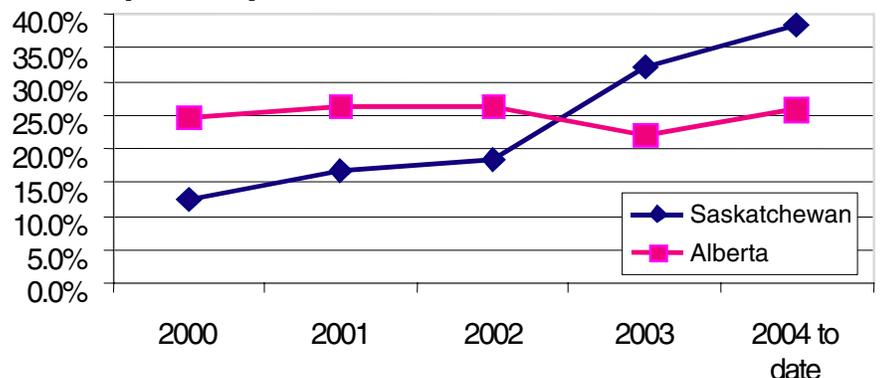
Gas producers in Saskatchewan are bucking industry trends elsewhere in North America. They're finding and producing more gas in the province. Gas production levels in the province are up almost 8% over this time last year. This is after production was up close to 7% in 2003 over 2002. Add this to the fact that remaining established gas reserves are increasing, and we've got ourselves a great news story for producers! In a nutshell, producers are successfully finding and developing new gas reserves in the province and are actually replacing more reserves than are produced over the course of the year.

While the new natural gas development in the Shackleton area has been touted as the sole reason for this, some broader industry trends are responsible. There are many anecdotal stories of companies looking for gas in non-traditional gas producing areas of the province. As well, the over-all drilling trends in the province support this view. The "exploration effort" for gas in Saskatchewan has almost tripled over the last few years while over the same period, the "exploration effort" in Alberta has remained flat.

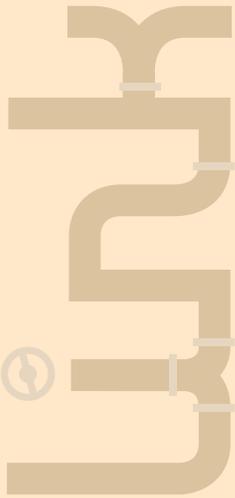
DID YOU KNOW?

That the TransGas Annual Report can be view on line at <http://www.saskenergy.com/whowear/Annual/currentannualreport.htm>

Exploratory Gas Wells as a % of Cased Gas Wells



What does this mean for the province? Saskatchewan was previously considered by some to be a natural gas warehouse, a region where additional production could easily be brought on with additional infill drilling. Now,



industry is considering Saskatchewan to be a good place to explore for new gas reserves. This increased exploration effort will undoubtedly result in the discovery and development of new natural gas reserves in the province. It's also an encouraging signal that the industry is investing new capital in Saskatchewan to explore for gas in today's environment of increased M&A activity and the conversion of many companies (and assets) into income trusts.

In addition to the increased exploration effort in Saskatchewan, the overall gas wells drilled during the first half of 2004 has surpassed drilling over the same period last year. If this keeps up, Saskatchewan will set a natural gas drilling record for the third year in a row! As well, there is increased associated gas activity in the province. Needless to say, we are having a very busy year responding to our customers' needs and maintaining our objective of getting producers tied into our system within 90 days, and within their in-service timing requirements. But, we're doing it!

Just Do It!

Right now there are 50,000 Saskatchewan people living with Diabetes, two million in all of Canada, and TransGas' Acting Supervisor of Transport Reporting, Shelley Chadwick is doing something about it. Shelley and her sister Jo Ann, have joined Team Diabetes Canada and will be running a half marathon in Reykjavik, Iceland on August 21st.

Any participants who register for Team Diabetes Canada must first agree to raise \$5,500 for the Canadian Diabetes Association, and Shelley and her sister are no exception. They have worked hard to raise money for the Canadian Diabetes Association and have had lots of assistance from family, friends and the community. New Holland provided the women with an opportunity to receive a \$2,200 donation; local businesses like the IGA grocery store and Mark's Work Wearhouse have pitched in as well.



Caption

Shelley and her sister are fortunate not to have Diabetes themselves, but have many close friends who deal with the disease daily. They felt that raising money for Diabetes would be a tangible way to help out their friends.

You should ask your doctor to be tested for Diabetes if you:

- Are age 40 or over
- Are overweight
- Have a family history of diabetes
- Have given birth to a baby that weighed more than 9 lbs
- Are in a high risk category (Aboriginal, Hispanic, Asian, South Asian, or African descent)

Close to one million Canadians are expected to develop Diabetes by the year 2010. But here's the good news: studies have shown that simple lifestyle changes can lower the risk of developing Type 2 Diabetes and improving overall health through eating well and regular physical activity. And, According to a study endorsed by the Canadian Diabetes Association, those with Diabetes can use the same healthy lifestyle strategies to manage their Diabetes more effectively to delay or avoid complications. If you would like more information, go to the Canadian Diabetes Association web site at www.diabetes.ca If you would like to donate funds to the CDA through Shelley's fundraising efforts, please contact Shelley at schadwick@transgas.com or phone Shelley at (306) 777-9579.

DID YOU KNOW ?

The Regina District planted approximately 1,600 trees at their site this year, bringing the total number of trees to almost 37,000 since 1995!

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Another Successful TransGas Workshop



We like to keep our customers informed of all of our business practices and policies. And since we're always working to improve our services, we have to hold customer workshops on a regular basis. Eighty-five current and new customers attended the most recent TransGas Customer Workshop in Calgary on June 17th. This workshop was a review for people currently dealing with TransGas and for customers new to the TransGas Business. It provided customers with step-by-step information about contracts, daily balancing, web nominations, storage, CSO in-lines, allocation/billing, and more. In addition, a helpful workbook covering all these topics was distributed to all attendees. You can easily view the presentations by going to the TransGas web site home page and clicking "TransGas Customer Workshops view June 2004". Or, if you would like a copy of the workbook, or would like to be placed on TransGas' list for future workshops, please call Kathy Milgaard at (306) 777-9994 or email Kathy at kmilgaard@transgas.com



It's not all about work! After spending the day learning about TransGas, customers enjoyed some relaxing, networking time with attendees from other companies and the TransGas staff.

OneWorld Application Maintenance Module

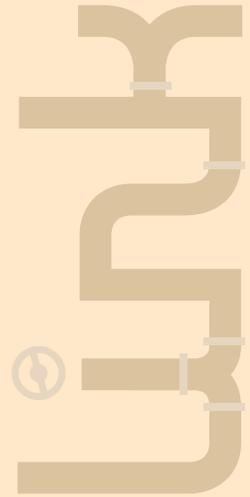
TransGas is always working on ways to be more efficient at what we do. Early in 2004, SaskEnergy and TransGas implemented OneWorld, an enterprise-wide application provided by JD Edwards, which provides Financial, Human Resource, Materials Management and Station Equipment and Maintenance Management. We have implemented OneWorld as a means to optimize our internal and external operations, and in turn, bring more value to our customers.



TransGas field staff receiving OneWorld training.

The OneWorld Work Order system allows TransGas staff to better plan and schedule time and projects, keep track of and better utilize inventory, improve our procurement practices, analyze data, track unscheduled breakdowns, reduce paper flow, and more.

TransGas Operations has only been using the OneWorld System for a short time, but we are already making suggestions and recommendations to improve the functionality of the software. But that's what it's all about....looking for ways to improve our service to our customers!



DID YOU KNOW ?

The deadline for decontracting of evergreening service (YAIT) is August 03. If you have any questions about service and capacity as you are reviewing your portfolio of transportation service, please give your Key Account Manager, Debbie Brown (306) 777-9687 or Chris Uhren (306) 777-9501 a call.

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DID YOU KNOW?

That the true value of research is in its application. TransGas is proud to join the pipeline industry in researching applied solutions aligned with our specific needs.

We've leveraged our association with the Canadian Energy Pipeline Association and Pipeline Research Council International to focus research and apply results to address many challenges over the past decade. The application of quality research has enabled us to cost-effectively address the integrity management of our facilities, reduce fuel gas consumption, optimize our maintenance programs, enhance equipment reliability, and minimize customer service disruptions and outages just to name a few. We've also supported applied research on new design practices, risk assessment techniques, and addressing environmental challenges to find innovative solutions to serve our customers' needs in an increasingly complex regulatory environment.

Quality research, real applications, true value. For more information, contact Dick Graham, Executive Director, Engineering & Technology at (306) 777-9602.

TransGas Customer Survey Results

We would like to thank all of you that participated in the recent TransGas e-survey. The results from over 100 of our customers are very encouraging.

As always, we value your opinion and we are always looking for ways to improve the way we do business. If you have any suggestions, please share them with us.

By the way, just because we faired well in this survey doesn't mean we will rest on our laurels. It's just the opposite! The bar has been raised, so we have to work even harder to meet and exceed the standards

TransGas Transport & Storage Update

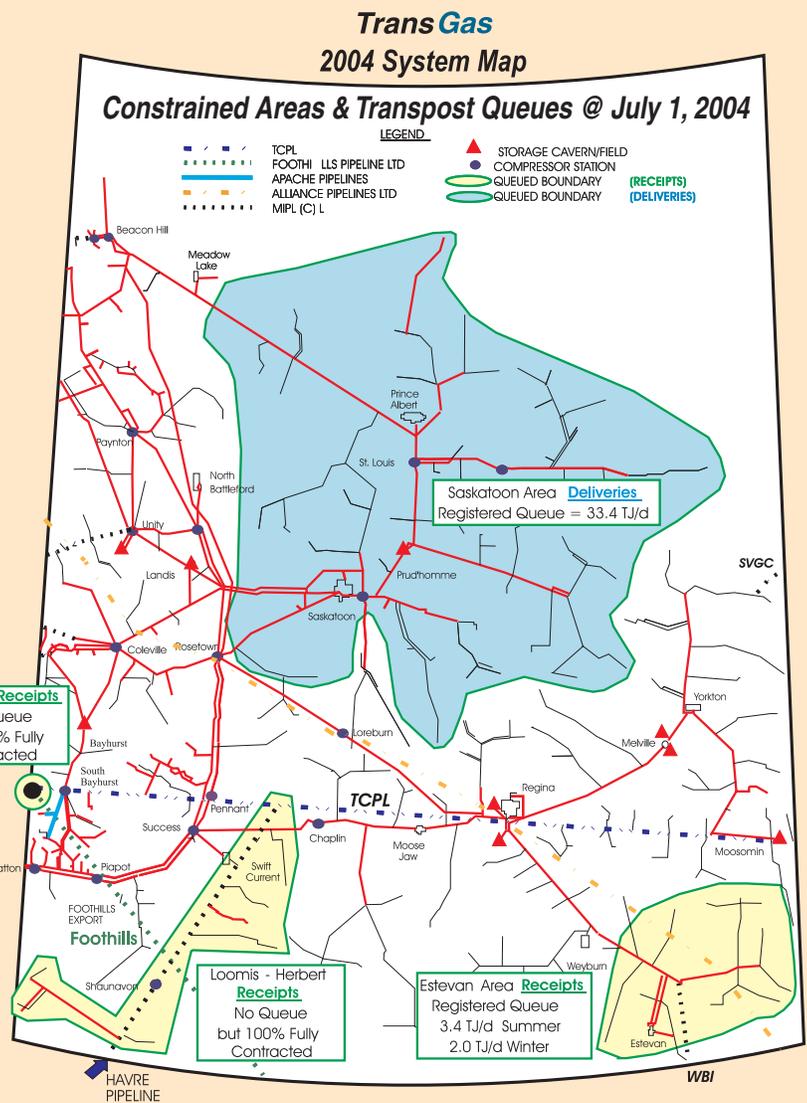
The total energy transported by TransGas and MIPL(C)L to May 31, 2004 of 161 PJ is 4% greater than 2003 for the same period. The increased transport continues to be primarily driven by incremental production from the Shackleton area in Saskatchewan.

As of mid-June, 2004, TransGas storage customers were 40% of full, with an inventory in storage of 12.5 PJ. The remaining injection requirement to refill TransGas storage is 18.7 PJ as of mid-June.

Approximately 100 TransGas system outages have been scheduled in 2004, with over 50% completed as of mid-June. The majority of the remaining scheduled 2004 outages are related to the TransGas pipeline integrity program. TransGas will continue to communicate plans of any outage impacting a customer's service at least 7 days prior to the outage, and will make every effort to minimize the impact. Also, TransGas continues to update all planned outages impacting customer service on the TransGas website monthly.

TransGas Constrained Areas and Transport Queues

This diagram summarizes the current constrained receipt and delivery transport areas on the TransGas system. Also included are the current receipt and delivery transport queues. The diagram is updated monthly on our website - www.transgas.com. For more information, please contact Randy Greggains at (306) 777-9489.



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