



Season's Greetings from TransGas



In 2008, TransGas celebrated 20 years of serving Saskatchewan as the natural gas transmission and storage pipeline. What better time, than at the close of the year, to say thank you and to show our appreciation for your business in 2008. We look forward to continuing to deliver high quality and valuable service in 2009.

Wishing you all the peace and joy that comes with this holiday season, not only today but throughout all of 2009.

Debbie McKague
Vice President, TransGas
Market Services & System Management

Phil Sandham
Vice President, TransGas
Operations & Engineering

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Southeast Saskatchewan Queue Cleared

TransGas is pleased to announce that with the approval of the Nottingham to Moosomin NPS 10 pipeline expansion, the queue in Southeast Saskatchewan will be totally satisfied. TransGas will now be able to provide our customers with their long-term firm receipt transportation requirements effective April 2009. Based on the significant land sales and resultant exploration and production plans in Southeast Saskatchewan, TransGas has also built in some extra capacity in anticipation of any additional transport needs out of this area.

Since August 2008, the transmission system in Southeast Saskatchewan has been operating at or near transport capacity, requiring occasional export into the Williston Basin Interstate (WBI) Pipeline system to meet day-to-day transport

requirements. TransGas has also installed and recently commissioned a temporary compressor near Steelman that will also provide 10 TJ/d of additional transport capacity. This compressor, in conjunction with Estevan area winter heating load and WBI export capability, will provide short-term firm capacity through the winter, prior to the scheduled April 2009 in-service of the Nottingham to Moosomin NPS 10 pipeline.

For more information on the Nottingham to Moosomin pipeline project and Southeast Saskatchewan associated gas production resulting from significant oil activity in area, please refer to the LINK June 2008 edition.

DID YOU KNOW?

TransGas has established a receipt transportation queue at the Empress border point.

TransGas Storage Update

As of November 24, TransGas storage customers have a total inventory in storage of 38.6 PJ, or 98% of full based on total contracted storage of 39.5 PJ. Storage customers were 99% full at November 01, 2008, with near nil net storage withdrawal November to date. The current inventory in TransGas storage is a record inventory as it relates to the TransGas Energy to Store (ETS) expansion of 7.7 PJ in progress. The currently contracted storage of 39.5 PJ include 5.1 PJ of the ETS project total 7.7 PJ , with the remaining 2.6 PJ capacity increase to occur over the next few years.

TransGas Transport

Total 2008 projected energy transported by TransGas and MIPL(C)L is 283 PJ, which represents a 14% decline from 2007 actual transport of 329 PJ. The primary reason for the declining transport is declining Saskatchewan natural gas production, reducing the volume available for export to TCPL (mainline).

DID YOU KNOW?

MacLean's Magazine has named TransGas's parent company, SaskEnergy as one of the Top 100 companies to work for in Canada.

To be named a Top 100 Employer in Canada, we had to prove our leadership in attracting and retaining quality employees and in offering exciting opportunities to build a successful career with the company.

Being named one of the Top 100 Companies in Canada is an honour, but it does not mean that we will stop there. TransGas is taking this award as encouragement to continue to improve our processes so that our customers and everyone in our company can benefit from a stronger organization.

For more information on why we were selected as a Top 100 employer, please go to <http://www.eluta.ca/work-at-saskenergy-incorporated>.

Dramatic Production Growth in the Bakken Drives Crescent Point Gas Plant Expansion

What started in 2006 as a modest 3 TJ/d gas plant in Southeast Saskatchewan is rapidly becoming the largest gas processing facility in the area. The Crescent Point Viewfield gas plant has been expanded and de-bottlenecked twice in the past two years and is currently undergoing a December 2008 expansion to 15 TJ/d. A summer 2009 expansion will expand the plant to at least 30 TJ/d of capacity.

The rapid and dramatic growth of the Crescent Point Viewfield gas plant is the result of the dramatic growth in the Southeast Saskatchewan Bakken light oil resource play. The Bakken is the second largest light oil pool ever discovered in Western Canada. Production from the pool has grown from a few hundred barrels per day in 2004 to more than 50,000 boe/d today. More than two dozen drilling rigs are active in the 1,000 square mile play.

Bakken production is 84 percent light sweet, 42 degree API crude oil and about 16 percent associated natural gas and liquids. The gas and liquids component is driving the need for additional gas plant capacity to serve the Bakken play.

Crescent Point already has one of the largest gas plant and gas gathering systems in the Bakken play's infrastructure. Upwards of 100 construction workers are busy completing the December 2008 expansion, which will primarily accommodate Crescent Point's growing Bakken production.



Current Gas Plant showing
Fractionation Units

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The summer 2009 expansion will offer additional capacity for Crescent Point and will include capacity for third party Bakken volumes as well.



Gas Plant Expansion in Progress

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Crossing Activity Continues to Increase

Third party crossing activity of TransGas pipelines has reached an all time high in 2008! Year to date crossing activity is up 25% over last year with over 6,600 crossing applications being reviewed, resulting in over 1,800 physical crossings of our facilities. Seismic applications involving 51,498 km were reviewed — up from the previous year by 125%. This seismic activity is not only a result of oil and gas exploration but 3D seismic for potash. Crossing activity is a direct reflection of the economic activity in the province and reinforces the fact, Saskatchewan is booming!

2008 Outage Scheduling

Over 170 TransGas system outages have been scheduled to occur in 2008, of which 97% have been completed to date. As in the past few years the majority of the scheduled outages are related to the TransGas pipeline integrity program. This year as in past years, the planned outages have been completed with minimal customer impact as a result of effective outage planning. TransGas continues to post all planned outages impacting customer service on the TransGas website (see Planned Outages). The planned outages are updated at least monthly.

Customer Issue = System Solution

TransGas has always taken pride in helping our customers find successful solutions to improve their operations and their bottom line. An example of this willingness to work with our customers was demonstrated this summer through a collaborative effort between TransGas and NAL Oil & Gas Trust to minimize the effects of periodic gas plant upsets.

NAL operates the Nottingham gas processing plant located in the southeast part of Saskatchewan. From time to time, the sour gas being processed at this facility causes the plant to shut down and sends the gas stream to flare until the sour situation can be rectified. Under these circumstances, the H2S shut-in valve had to be re-opened by a TransGas technician and the quality of the gas stream tested to ensure that the gas was safe to once again enter the transmission pipeline system. Unfortunately, this process caused the gas to sometimes be flared for as long as 4 hours due to the long distance that the TransGas technicians must travel to get to the plant. The monetary losses incurred by NAL were significant as their gas stream went up in smoke while they waited for our technician to arrive. As well, TransGas incurred labor and travel costs during these plant upsets as the technicians were often called out after hours to drive to the plant from Regina (a distance of more than 250 km).

Looking for a win-win solution, TransGas's District Operations Supervisor, Dean Ranford and NAL's Plant Foreman, Lee Petersen started discussing a means to remotely re-open the shut-in H2S valve in a safe manner. As a result of their discussions, TransGas and NAL embarked upon a pilot project in September of 2007 that allowed the shut-in H2S valve to be reopened by TransGas Gas Control operators from our Control Centre in Regina. A strict protocol was created to ensure that proper communication took place between the NAL plant

operators and the TransGas Gas Control Operators before the remote opening of the H2S valve occurred. Remotely opening the valve while in communication with NAL's plant operators, eliminated the need for the TransGas technician to attend to the plant in most instances.

After one year of running the pilot project, it was determined that the remote H2S valve project was indeed successful having saved NAL in excess of \$100,000. TransGas also realized significant savings in the cost of technician call-outs. This cooperative approach to solving costly operational issues is something that we at TransGas are very proud of.



Some of the members of the Remote H2S Valve Pilot Project team from left to right:

- *Barry Ell, Manager, Customer Facilities Requests;*
- *Ron Carman, Director, Pipeline and Facility Automation;*
- *Bill Brodner, Manager, Gas Control;*
- *Dean Ranford, District Operations Supervisor, Transmission Operations;*
- *Chris Uhren, Director, Customer Services.*

Open Minds Help to Open Doors

This fall, two TransGas departments took the initiative to reach out and help people in their community.

TransGas Customer Services, and Safety, Health & Employee Well-Being, took the initiative to host students from the Open Door Society within their workgroups.

Our company has an existing relationship with the Open Door Society, and meet with them every so often on a variety of work placements and opportunities as part of the company's strategy to increase diversity. As a result of this relationship, we were approached to take part in the program, and as soon as the call for participants went out, the two workgroups were eager to get involved.

Madonna, who is from the Philippines, and India, who is from Sudan, each spent 60 hours in the company as part of their administration training course through the Open Door Society's "Bridging to Employment" program.

The course teaches new immigrants the skills they need to gain employment in an office setting. The curriculum focuses on Canadian workplace culture and computer skills, emphasizing knowledge of word processing and spreadsheets. The 60 hour work term allows the students to apply their knowledge, experience an office setting and further develop their English language skills.

Madonna left the Philippines in 2007 due to a lack of opportunity and jobs as a result of a poor economy. She heard about the Open Door Society from a friend and enrolled in their program.

"Through their program, I have been able to practice my skills, learn the English language and experience Canadian culture," explains Madonna. "I am so

happy that the Open Door Society gave me the opportunity to work and learn."

She also has positive things to say about her time with TransGas.

"Everyone is so willing to help me, and are teaching me things like good customer service, computer skills and communicating with colleagues."

India, who has been in the country for 7 months, also came to Canada with her family. She too feels that the program is extremely important to people that are new to the country – especially the knowledge of computer skills. She also enjoyed her time with our company.



Madonna spends time practicing her computer skills.

"The people are so kind, hospitable, generous and nice," she says. "I enjoy the work I have done here, and it's a good environment to be in."

The exciting part is that our employees enjoyed the experience as much as the interns did.

"I am proud of our department for leading by example in the way that they embraced this opportunity to help these people integrate into our country," says Chris Uhren, Director, TransGas Customer Services.

A Tale of Two Sneakers

Throughout the summer, TransGas held a wellness challenge between its two Vice Presidents, Phil Sandham and Debbie McKague, and teams made up from their respective employees. The goal of the challenge was to have some fun and promote many varieties of physical activity that people could enjoy at a time of year when the weather is generally a little more pleasant for getting outside and being active. Each participant was given a chart that equated various types of activities into a standard measure of aerobic miles and challenged to move their team as far as possible throughout the summer. The results were gathered periodically and updates on which team was in the lead posted regularly.

The race was hotly contested and did not come down to the final week of August before a winner could be determined. Not only would a win give bragging rights to the Division who chalked up the most miles, but the coveted "Golden Sneaker of Spirit" would be proudly displayed in the winning Vice President's office. A loss meant the display of the humiliating "Blackened Sneaker of Decay."

In the end Team Phil pulled out a narrow victory!

Throughout the 16 week challenge 15,374 aerobic miles were accumulated by the roughly 90 employees that participated on the two teams!



All smiles is Phil Sandham with the "Golden Sneaker of Spirit" award for the team that accumulated the highest aerobic mile total.

Keeping a stiff upper lip, Debbie McKague is still smiling while accepting the "Blackened Sneaker of Decay" for her team's second place finish.



DID YOU KNOW?

TransGas will once again be participating in the Saskatchewan Natural Gas Advantage Workshop that will be held in Calgary on February 25, 2009. The workshop will feature presenters from all of the Saskatchewan government departments that are responsible for the approvals and regulatory processes related to natural gas developments in the province. This is a free workshop that will be of interest to all companies that may be pursuing the development of natural gas in Saskatchewan. Watch for advertisements for this workshop or for more information call Jim Perfect at TransGas (306) 777-9436.