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Bayhurst to TransCanada Pipe Lines NPS 16 Pipeline

TransGas is preparing to loop our existing NPS 12 steel high pressure pipeline from our South Bayhurst Compressor Station near Liebenthal, Saskatchewan to our Bayhurst Compressor Station near Leader, Saskatchewan. The looping will consist of an NPS 16 pipeline and be approximately 46 km long. The looping will provide an additional 130 TJ/d transport capacity. It will also allow TransGas to double the injection capacity at the Bayhurst Storage Field to 200 TJ/d.

The project has been broken into two phases with Phase One being the construction of the majority of the pipeline. Phase Two encompasses crossing the South Saskatchewan River. Phase One will be tied into the existing NPS 12 pipeline on either side of the river and allow for a large portion of the increased capacity to be

available by April 01, 2012. Phase Two will be conducted in the summer of 2012 pending regulatory approval for the river crossing.

An open house was held in June for the entire project, and Phase One has since moved into securing all third-party and regulatory approvals required for construction. Pipe and easements have been fully secured for the entire project. TransGas is targeting to start construction of Phase One in early October and wrap up mainline construction before Christmas of this year. Pressure testing and facility tie-ins will follow.

TransGas is excited about this project and looks forward to the benefits it will provide to our customers.

DID YOU KNOW . . .

In addition to current Rates and Charges you can now access information on historical rates back to June 01, 1988, on the TransGas website under Services.



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Emergency Management Program Contributes to Safety and Reliability

At TransGas, the safe and reliable operation of our natural gas transmission and storage facilities is our top priority. Our company takes a proactive approach to keeping the system running in a safe and reliable manner by conducting comprehensive pipeline integrity and public awareness programs. However, there is always the possibility of accidental contact with a high pressure transmission line or unexpected equipment failure. It is under these circumstances that a strong Corporate Emergency Management Program is essential to ensure the safety of the public, our employees and to mitigate any possible disruption of service to our customers.

The Corporate Emergency Management Program that TransGas has developed provides a consolidated reference for the emergency management plans that focus on mitigation, preparedness response and recovery from emergency events that threaten the physical flow of gas to our customers. One of the key objectives of the program is to provide an integrated and coordinated approach to emergency management.

TransGas and its parent company, SaskEnergy, conduct a mock exercise and/or an in-depth review of an emergency response on a periodic basis. Generally, preparations are made in one quarter with the exercise or review performed in the following quarter. The results are reviewed in the subsequent quarter and implemented before the next cycle. The

continuous “plan – do – check and act” cycle enables TransGas and SaskEnergy to work together on continuous improvement of the emergency response procedures. This exercise strategy is further strengthened by conducting table-top exercises at our district staff meetings.

TransGas has recently converted the Microsoft Word document based Standard Practice Instruction (SPI) manuals into an electronic document management system using new software which provides easy to use search tools similar to that of an internet search engine. This ensures that TransGas operations and technical staff have remote and local access to these procedures through their laptop computers, enabling them to deal with emergency situations quickly and effectively. Furthermore, the new software will enable SaskEnergy and TransGas to reduce company, employee and public risk by ensuring SPI documentation is up to date and standard across all areas, districts and offices.

TransGas dedicates thousands of hours a month to operating and maintaining a safe and reliable natural gas pipeline and storage system. In a perfect world, emergency situations would never arise on the TransGas system. In reality, however, the possibility that an incident can occur always exists. Nevertheless, TransGas considers itself well prepared to provide a quick and appropriate response to any pipeline emergency.

Environmental Focus Evident at Success

With the decommissioning of the old gas plant at the TransGas Success Compressor Station, located about 30 km NW of Swift Current, Saskatchewan TransGas personnel have completed the latest phase of the facility's long history. The project involved recycling over 640 tons of material and removing two condensate storage bullet tanks along with approximately 900 tons of impacted soil.

While the TransGas Success Compressor Station remains in operation, the gas plant, which used to process the natural gas moving through Success, has been out of commission for over 20 years. Dismantling the plant was not a large job, but it did present some unique challenges.

"Historically, we've done much bigger cleanups," says Russell Roy, TransGas Manager of Environmental Services. "We've done cleanups before that involved about 17,000 tons of impacted soil." Roy explains that these bigger jobs usually involved cleaning up oil pits, which he describes as "a relic

of the past" — not something involved with this phase of the Success decommissioning project.

TransGas' focus during this phase was on the recycling aspect of site remediation. At the Success Station, this meant "recycling about 240 tons of steel and 400 tons of concrete, along with the disposal of 900 tons of hydrocarbon-contaminated soil and 15 tons of waste dangerous goods," according to Roy.

"There are some other sites at Success that will need to be treated eventually. To fully decommission it, we'll have to remove the site's historic contaminants, but recycling what we could of those bullet tanks and the liquids loading area was a big step towards that goal," Roy adds.

The decommissioning at Success is another chapter in our growing history of recycling and reducing our environmental footprint — a history TransGas is proud to carry forward into the future.



Dismantling one of the two condensate storage bullet tanks at the Success Compressor Station.

DID YOU KNOW . . .

TransGas' NIT to TEP Alberta Receipt Service is now fully implemented. Customers utilizing this specific service are charged TransGas' standard receipt transportation rates and are also subject to an Additional Cost Recovery charge related to the transportation of gas to the Saskatchewan border. The current and historical information related to the Additional Cost Recovery can now be found on the TransGas website under Services. If you have any questions regarding the NIT to TEP Service, please contact your Key Account Manager.

TransGas Storage: Summer 2011 Injection

As of September 15, 2011, TransGas storage customers have a total inventory in storage of 39 PJ, which is 85 percent of full capacity based on contracted storage of 46 PJ. The current percent full is below historic levels for this time of year and compares to last year when TransGas storage customers were 97 percent of full capacity at September 15, 2010. Injection during the past two months of July and August was done at a record pace to make up for the very slow storage injection during the months of April to June. The net injection by TransGas storage customers during

the month of August was 6.6 PJ, which is the second highest monthly injection in TransGas history. The month of July was the third highest all-time monthly storage injection. A high level of daily TransGas storage injection will have to continue for the remainder of summer to allow customers to fill their contracted storage. The remaining TransGas storage injection requirement to fill contracted storage as of September 15 is 7 PJ, and is expected to be completed by November 01.

DID YOU KNOW . . .

The Daily Operations Report has been updated and improved. The report can be found on the TransGas website under Today in TransGas - Daily Operations.