Another Great Year!!

For the 3rd year in a row, TransGas increased deliveries! In 2004, TransGas deliveries increased by 1% to 358 Petajoules (PJ’s).

The receipt side was no exception! For the 2nd year in a row, total receipts onto the system reached 364 Petajoules (PJ’s) - an increase of 5% over 2003. During 2004, most of the increased receipts and deliveries were driven by incremental Shackleton area gas production. Based on activity in the province during 2004 and early 2005, additional gas production is expected from projects scattered throughout the western side of the province. Average daily Saskatchewan receipts increased to 739 TJs/day in 2004 and an all time record was set on April 9th at 772 TJs for the day.

This Saskatchewan production was achieved with 1,884 natural gas wells drilled and cased in the year which is slightly down from the record set in 2003 of 2,294 wells.

2005 is shaping up to be another strong year for well drilling with 172 gas wells cased as of February 18. The first sale of Crown mineral rights of the year (February 8th) yielded results indicating a very strong focus on investment in the upstream gas sector in 2005. The total bonus bids collected at this sale were $29.0 million, of which $20 million were for mineral rights in gas prone areas. As well, a Special Exploratory Permit in the Chaplin/Shamrock area was awarded based on a $4.32 million work commitment. These results, coupled with some of the inquiries TransGas has been receiving for conceptual tie-ins, indicates that there will continue to be a strong gas exploration effort this year.
Reorganization

Most people get a little nervous when they hear the word “reorganization” in the corporate world. Well, we’ve had some adjustments around TransGas and SaskEnergy that we wanted to share with you, but there’s no need for worry! Our leader, Dean Reeve still carries the title of Executive Vice President of SaskEnergy, but his portfolio has changed a great deal. Dean is now heading up the Distribution Utility (SaskEnergy, Swan Valley Gas and Sask 1st Call). He will also continue to lead our Heritage Gas corporate efforts as the CEO of the company. What’s very important to know is that Dean will continue to provide a corporate leadership role for our organization. So, we’ve sort of lost him, but not really! We would like to officially thank Dean for his years of leadership at TransGas. He was always fair, he could cut to the heart of an issue and fix it, and he fulfilled his responsibilities with a keen sense of humor (which we all appreciated!). Good luck to Captain Tupperware - as we have recently dubbed him!

Taking over for Dean is a very familiar face - Daryl Posehn. Daryl has been promoted to Senior Vice President of TransGas. In his new role, Daryl will oversee TransGas Customer Service, Customer Facility Requests, Marketing, Policies Rates & Regulations. Those are just additional responsibilities Daryl is taking on. He’s already responsible for Operations, Engineering & Technology; Pipeline & Facility Automation and Pipeline Control & Planning. We are all looking forward to Daryl’s leadership and his insight into making sure our company is responsive to our customers’ needs and is the very best company we can be! He has many years experience with TransGas, so we know he’s going to do a marvelous job. Congratulations Daryl!

Farewell to Ted France

Congratulations and Happy Retirement to Ted France of France Financial Consulting Ltd. Ted worked for many years with some of our industrial customers and has been involved in the Saskatchewan natural gas business since the deregulation of natural gas markets in Saskatchewan. Good luck, Ted. We wish you all the best!

DID YOU KNOW?

SaskEnergy/TransGas’ Share the Warmth Recycle Program has provided over 750,000 sweaters, toques, mittens, scarves, blankets and children’s books for less fortunate families in Saskatchewan?
Employee volunteerism levels are strong in our company, proving that when employees believe in what you’re doing, they’ll stand behind you. Our employees make a direct correlation between the company they work for and the communities in which they live, understanding that if they do their part to make things better where they live, then they too will benefit. It’s the ultimate win-win situation.

In once sense, community involvement means getting our communities involved to realize the potential that lies within them. Every time we work with community groups to gather and distribute sweaters for the less fortunate, or set an example by organizing a blood donor challenge, we get communities involved and strengthen the social fabric of our province. But it’s not always huge campaigns with hundreds of volunteers that impact our communities. Sometimes it’s only one person doing their part for what they believe in that makes a difference. Take Jim Perfect, for example. On the advice of a friend who had immigrated to Canada several years ago, Jim became a volunteer “English as a Second Language” tutor in 2002. During the past three years Jim has found the experience to be very rewarding as he has helped his students become more proficient in English, which has allowed them to get jobs and live the kind of life here in Canada that they could only dream of in their home country. Jim has so far taught four students (volunteers are asked to commit to one year per student). Jim even helped one of his students fill out a job application recently and his student got the job!

Here are just a few of the numerous causes our employees devote their time and efforts to!

**Share the Warmth Recycling Wrap Up**

Some community initiatives involve one or two people, some involve hundreds. SaskEnergy’s Share the Warmth Recycling Project began eleven years ago as a small campaign and has grown to become one of the most vital community projects in Saskatchewan. The project collects sweaters, toques, mittens, scarves, blankets and children’s books for less fortunate families. We enlist the help of volunteers (about 150 from our company), schools and community groups to help us collect and distribute the ‘warm fuzzies’. Because of the magnitude of the project, this year our company wrapped up the Share the Warmth Recycling Project and handed it over to the citizens of Saskatchewan. Through this legacy project, official permanent Share the Warmth depots around the province will be set up, with the first one being at the Regina Food Bank. The Project has collected and distributed over 750,000 “warm fuzzies” over the past eleven years!
Salvation Army Adopt-a-Family

For the past five years, our company’s employees have provided Christmas hampers for about 105 Regina area families who would have otherwise done without. This past Christmas, 20 families were provided hampers. The hamper covers the cost of food for a Christmas dinner, provisions for additional meals, and gifts for the children of the family. But, most of the time, there's extra for treats for the parents too. Some employees have a tradition of assembling Christmas wreaths and gifts baskets filled with ornaments too, so the blessing of a Christmas hamper can last for years to come!

Meals on Wheels

Dave Pahl, TransGas’ Construction Superintendent for Pipeline & Storage Engineering, is Mr. Meals on Wheels around our office! Meals on Wheels is a non-profit organization that provides home-delivered, well-balanced, nutritious, low cost meals to seniors over 60. The meals are also delivered to clients who are unable to plan, shop or prepare such meals due to illness, mental or physical disability. Back in February of 2001, Dave noticed his wife thoroughly enjoying volunteering her time for the local Meals on Wheels program, and decided he wanted to do more volunteer work himself. So, not only did Dave sign up to deliver meals, he also organized a TransGas Meals on Wheels team to help. The team has been making deliveries every Monday since. Since Dave started the ball rolling, other teams of TransGas employees have joined in and have been delivering meals every week!

Adopt-a-Highway

The environment needs attention too. Our company’s Regina Technology and Operations SHE group adopted a four kilometer section of the TransCanada Highway. It runs from the Truck Weigh Scales West of Regina to the Grand Coulee Access Road. Volunteers spend hours walking the ditches and picking up litter.

There are many more worthwhile charities and organizations to which our employees volunteer their efforts. We just wanted to highlight some of them for you. Hats off to all employees of our company that do their part to help others and to make our province a better place to live! Keep up the good work!
Safety, Integrity and Efficiency

Safety and integrity are top priorities at TransGas. At the same time, we do our best to ensure that our facilities are run as efficiently as possible - which is a win-win for both our customers and our company. Recent adjustments at the Melville storage facility is a good example. The facility was originally placed in service in 1964, and consisted of one cavern and a single compressor to fill it. It was actually the first natural gas storage cavern facility in the province. In 1995, three additional caverns near Melville were purchased for natural gas storage use, but no additional compression was added to increase injection capacity.

Times have changed. The existing Melville storage compressor unit is significantly undersized, not allowing the location to be refilled during a summer injection cycle (assuming all four caverns were emptied). In addition, the existing compressor unit is over 40 years old and rapidly approaching the end of its useful life, especially given the high utilization. That’s why in 2004 we made the decision to install a new larger compressor at Melville storage facility and retire the existing compressor unit in 2006. The new compressor will allow injection of the entire Melville useable volume assuming emptied, while allowing for the retirement of the existing near obsolete Melville compressor unit.

With the new compressor unit scheduled to be in service by April of 2006, TransGas will have significantly extended the life of the Melville storage asset, allowing for reliable storage service for another 40 years. And that’s a win-win for everyone!

Peak Day Transport

The TransGas 2004/2005 winter system peak was on January 15, 2005, with total transport of 1.38 PJ, which is 92% of 2004/2005 winter design. On this day, Saskatchewan deliveries accounted for 70% of total transport. The graph to the right summarizes peak day transport deliveries for the past six winters. During peak day operation, the system performed well, with no significant issues. The reliability of our service is vital during periods of extreme winter temperatures in Saskatchewan.

DID YOU KNOW?

TransGas is hosting a one-day free workshop at the Sheraton Suites Eau Claire in Calgary on June 21, 2005. The workshop will cover everything you need to know about doing business with TransGas!
TransGas Transport & Storage Update

The total energy transported by TransGas and MIPL(C)L in the first quarter of 2005 is projected to be 100 PJ, which is 5% less than 2004 for the same period.

As of mid-March, 2005, TransGas storage customers were 34% of full, with a remaining inventory in storage of 10.8 PJ. The 2005 summer storage customer requirement to refill TransGas storage is projected to be 22 PJ assuming all customers fill contracted storage.

Over 50 TransGas system outages have been scheduled in 2005 to date, with approximately one-third completed as of mid-March. TransGas will continue to communicate plans of any outage impacting a customer’s service at least seven days prior to the outage, and will make every effort to minimize the impact. In addition, TransGas continues to update all planned outages impacting customer service on the TransGas website monthly. Just go to www.transgas.com, click on ‘Info Postings’, and select ‘Planned Outages’.

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 largest constrained area and transport queue was the Saskatoon delivery area queue. As a result of the first phase of Asquith storage being placed in service later in 2005, firm service has been offered to all the Saskatoon delivery queue customers, and the transport constraint has been removed. The diagram is updated monthly on our website - www.transgas.com.

For more information, please contact Randy Greggains at (306) 777-9489.