

For over 50 years, Kinder Morgan Canada (formerly known as Terasen Pipelines) has safely and efficiently operated the Trans Mountain pipeline system. The Trans Mountain pipeline system is a 1,150 kilometre petroleum products pipeline that passes through some of the most rugged and mountainous terrain in the world, and currently operates at full capacity. In order to increase access to existing and emerging West Coast Markets, Kinder Morgan Canada proposes the Trans Mountain Expansion (or TMX) project, a staged expansion of the existing Trans Mountain pipeline system between Edmonton, Alberta and Burnaby, British Columbia (B.C.).

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Proposed TMX - Anchor Loop Project



The TMX - Anchor Loop project (Anchor Loop) involves looping—installing a second pipeline adjacent to the existing pipeline—a section of the existing Trans Mountain pipeline system between Hinton, Alberta and a location near Rearguard, B.C. The Anchor Loop also includes the installation of two new pump stations along the pipeline, one near Niton Junction, Alberta and another near Pyramid, B.C. The Anchor Loop will traverse federal, provincial and private lands, including Jasper National

Park in Alberta and Mount Robson Provincial Park in B.C. Of the approximately 158km pipeline length, 96km will be within Alberta (including 81km in Jasper National Park), and 62km will be within B.C. (including 60km in Mount Robson Provincial Park).

Regulatory Approval

The Trans Mountain pipeline system is regulated by the National Energy Board (NEB). The Anchor Loop was approved by the NEB and issued Oil Pipeline Certificate 49 (OC-49) on November 23, 2006. To achieve greater regulatory efficiency, the NEB worked together with other federal and provincial authorities, including Parks Canada and B.C. Parks, to create a coordinated environmental screening process that would meet the various environmental assessment requirements. In addition, the Anchor Loop will also require approvals from and consultation with Parks Canada, Department of Fisheries and Oceans, Transport Canada, and various provincial agencies.

Public Consultation

Kinder Morgan Canada commenced a comprehensive and intensive public consultation program, which began in the spring of 2004 and continues today. The program was established to provide stakeholders with an opportunity to become informed about and engaged with the Anchor Loop, and was closely intertwined with the Environmental Assessment process. A number of environmental concerns were identified through consultation activities with environmental organizations and/or individuals with an interest in conservation and protection of ecological resources in protected parks. These issues have been addressed through pipeline routing and design mitigation approaches; a series of environmental issue workshop consultations; and a Net Benefit process designed to leave the Parks with a positive legacy. Kinder Morgan Canada continues to work with individuals and environmental organizations to identify and address environmental issues and concerns with the objective of resolving these issues and concerns in a manner that meets the interests of all parties.

Aboriginal Engagement

Kinder Morgan Canada is committed to establishing and maintaining effective relationships with Aboriginal communities in proximity to new or existing operating areas. Kinder Morgan Canada recognizes the importance of conducting an Aboriginal Engagement program that specifically addresses Aboriginal concerns and issues. Valuable traditional land use and environmental knowledge were obtained through consultation with the appropriate Aboriginal communities early on in the environmental assessment process. Our Aboriginal Engagement process is in place to manage ongoing issues including economic opportunities associated with the Anchor Loop Project.

Minimizing Environmental Impacts

A comprehensive environmental assessment of the project was undertaken, and the results were incorporated into the construction program and schedule, and were used in the preparation of Environmental Protection Plans (EPPs). The EPPs outline specific protection measures for sensitive habitats, rare plants and communities, wildlife and critical wildlife areas, heritage resources, water wells and springs, timber salvage, fire prevention, forest pathogens, weeds, spill prevention, noise reduction, waste management, erosion and soils, traffic management, use of explosives, and watercourse crossings.

Environmental Inspectors will monitor construction progress and will participate in regular field meetings to ensure construction personnel are aware of environmental issues unique to each area. Environmental Inspectors will continue to monitor the right-of-way once construction is complete to ensure erosion control measures are working, watercourse banks are stabilized and vegetation is re-established.

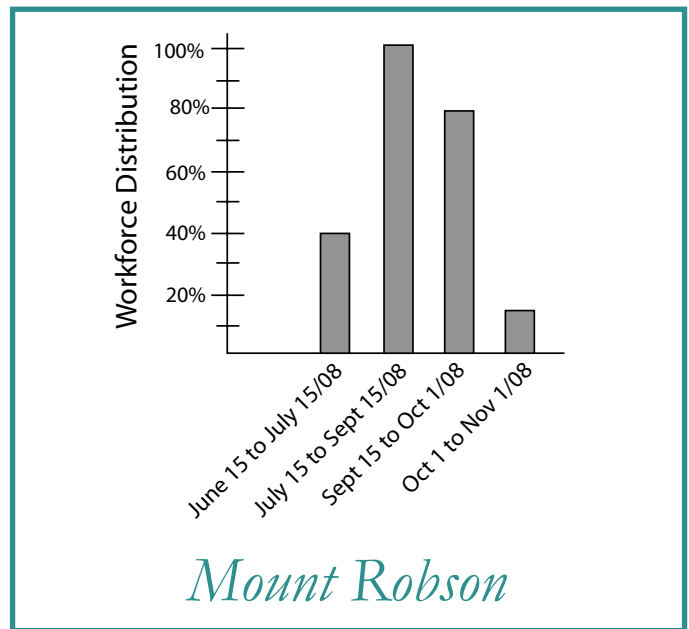
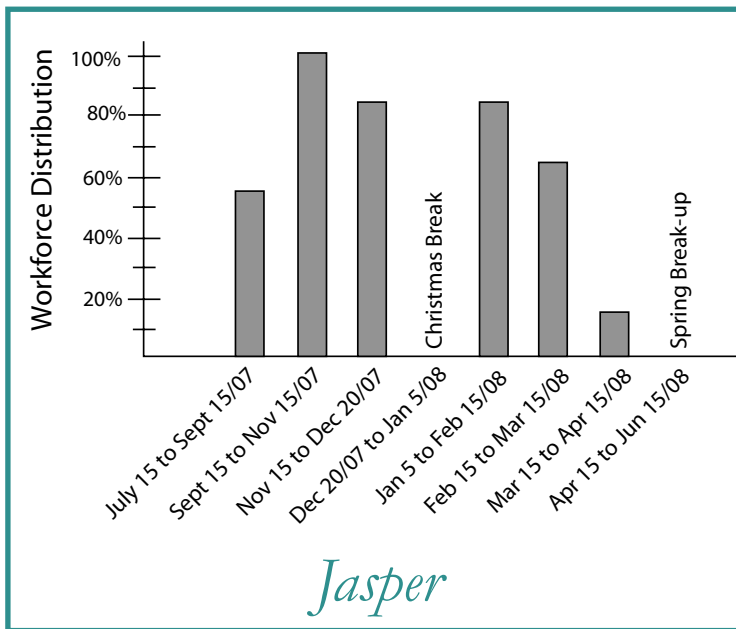
A state of the art Restoration Plan has been developed, which defines the requirements to restore the land to its previous state. In addition, Kinder Morgan Canada has developed Post Construction Monitoring Plans in which the effectiveness of mitigation measures will be scrutinized over a five-year timeframe.

What will the pipeline right-of-way look like when it is finished?

It is Kinder Morgan Canada’s intention to restore the right-of-way as close as possible to its original condition. Restoration will involve re-contouring the land to follow the topography of the surrounding area as well as re-vegetation with the intent that over time the vegetation and brush will recolonize the pipeline right-of-way.

Construction

The Anchor Loop involves the construction of 7km of 762mm (30-inch) diameter pipe west of Hinton, Alberta to the Hinton Pump Station and 151km of 914mm (36-inch) diameter pipe from Hinton Pump Station to a location near Rearguard, B.C. Construction is scheduled to commence in the fall of 2007 with the right-of-way clearing starting in August 2007. The entire Anchor Loop will be constructed east to west over the duration of a year (including a fall/winter and a summer/fall construction season). Construction will be undertaken by pipeline crews comprised of approximately 470 workers during peak activities.



Where will all the workers be housed?

A number of alternatives are being considered to accommodate the pipeline construction project workforce. It is anticipated that a combination of temporary work camps and local accommodations will be used.

How will construction affect people using the Parks?

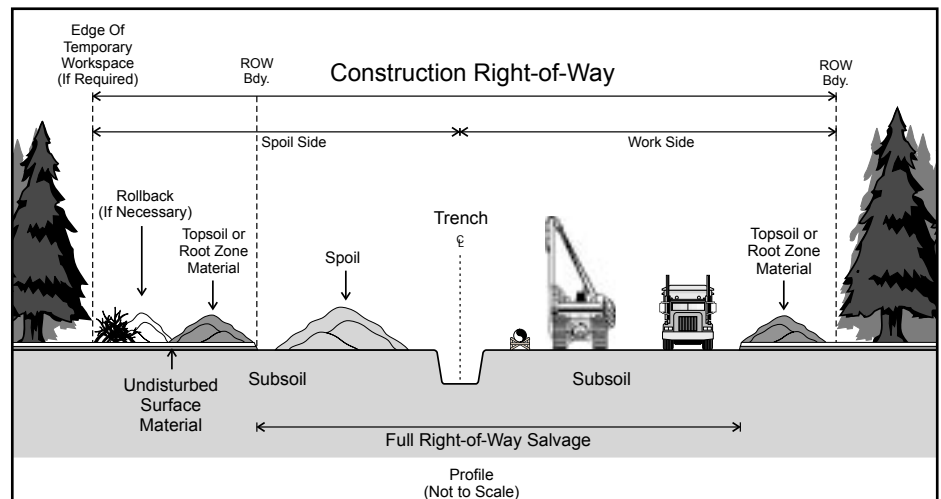
Kinder Morgan Canada has scheduled the main construction activities in Jasper National Park outside of the summer peak tourist season to minimize nuisance dust, noise, visual disturbance and inconvenience to Park users. Construction activities in Mount Robson Provincial Park will generally occur off the main highway and will avoid important visitor areas. Working with Parks Canada, Kinder Morgan Canada will provide notification of closures to trails or local roads used for winter recreational activity as well as cross-country skiing areas that may be affected by construction. Parks Canada and B.C. Parks will also be aware of potential disturbances and information will be available at Visitor Centres in the Parks.

Pump Station Construction

Initial activity will involve the use of earthmoving equipment as the site access road is constructed and the area graded for the pump station site. The typical pump station site is 200m by 200m and consists of a pump equipment building, above ground piping and valves, an electrical equipment building, an electrical substation, and an operator's building. Kinder Morgan Canada will have pump equipment, electrical equipment and operator's buildings constructed at fabrication shops located in Alberta and/or B.C., which will then be moved to the pump station site where it will be mounted on foundations, and then all piping, electrical and instrumentation will be connected.

How is a pipeline constructed?

Construction of a large diameter pipeline such as the TMX - Anchor Loop involves a number of discrete work activities. Specialized construction crews travel along the right-of-way in a sequence with each crew completing specific activities that set the stage for the following work crews. At any given time, many of the following activities could be occurring sequentially on the pipeline with the first construction crew preparing the right-of-way for construction and the last crew completing the land reclamation work. Because construction activities are progressive, the duration of these activities occurring at any one location is relatively short.



Construction activities include:

- » **Clearing** Vegetation such as trees or brush is cleared from the pipeline right-of-way.
- » **Preparing the right-of-way** The right-of-way is then graded to create a level working space. Topsoil is removed and stored separately to ensure that it will be available for the last construction crew that reclaims the right-of-way.
- » **Delivering and storing the pipe** Coated pipe is transported to the project area where it is stockpiled at convenient locations.
- » **Stringing and welding the pipeline** Pipe is then transported by truck from the stockpile sites to the right-of-way. The pipe will be bent, welded, and inspected prior to being lowered into the trench. Equipment used during stringing and welding activities include: pipe trucks, booms, welders, and inspection equipment.
- » **Digging the trench** A trench will be excavated to a depth sufficient enough to ensure the standard 0.85 m or greater depth of cover is met. The pipe will be lowered into the trench using side boom tractors. The trench will then be backfilled.
- » **Clean-up and restoring the land** Final clean-up and reclamation procedures will be initiated following construction. Graded areas of the right-of-way will be restored to naturally stable contours. All disturbed areas will have topsoil returned, will be seeded with an appropriate seed mix, and will have special reclamation measures applied as required.

Pipeline Construction Schedule

	2007		2008				2009			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Clearing										
East section: Alberta lands and Jasper National Park										
Grading										
Construction										
Machine Cleanup/Reclamation										
Testing										
Restoration										
Post Construction Monitoring										
West section: B.C. lands and Mount Robson Provincial Park										
Grading										
Construction										
Machine Cleanup/Reclamation										
Testing										
Restoration										
Post Construction Monitoring										

Safety and Emergency Response

For over 50 years, Kinder Morgan Canada has been a leader in pipeline safety and emergency response. The existing Trans Mountain pipeline route is regularly patrolled to monitor third party activities near the pipeline as well as ground surface conditions. The pipeline is monitored 24 hours a day, seven days a week by a computerized Supervisory Control and Data Acquisition (SCADA) system. Mainline block valves spaced along the pipeline allow control centre operators to isolate sections of the pipeline in the unlikely event of an emergency. As this project follows our existing pipeline system, Emergency Response Plans are already in place to handle emergency situations related to the pipeline. Kinder Morgan Canada employees receive on-going training in emergency response procedures.

FACTS

The TMX - Anchor Loop will increase the Trans Mountain pipeline system's capacity from 260,000 barrels per day (bpd) to 300,000 bpd by the end of 2008. Trans Mountain pipeline system is the only pipeline that carries crude oil and refined products from Alberta's oil fields to the West Coast, supplying over 90% of the petroleum products used in British Columbia's Lower Mainland.

The Trans Mountain pipeline system transports a number of hydrocarbon related products including; crude oil from conventional oil wells in Alberta and B.C.; heavy crude oil that comes from the Northern Alberta heavy oil projects in the Fort McMurray area; gasoline or diesel that are refined in the Edmonton area; and distillates or other specialized products from Alberta's petro-chemical industry.

Project Contacts

General Inquiries

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Watch this space...

Open Houses will be held in Jasper and Valemount prior to construction to inform the public of the planned construction activities and construction schedule.



If you have questions about employment, contracts or accommodations pertaining to the TMX - Anchor Loop Project, please contact the mainline contractor, North American Construction Group at:

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John Wainwright
Project Manager
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(780) 960-4378

For all other inquiries regarding the TMX - Anchor Loop Project, or to obtain a French version of the newsletter, please call TMX Project Inquiry Line toll free at 1-866-514-6700 or visit our project website at www.tmxproject.com.

KINDER MORGAN
CANADA INC.

Data presented in this document are approximate in nature and are based on current public information regarding the Project.

Call Before You Dig (800) 242-3447