PROJECT OVERVIEW

Alliance Pipeline is proposing to construct a 79-mile lateral pipeline in North Dakota that would connect new natural gas supply from the Williston Basin to the Alliance mainline. The natural gas would then be shipped onward to the Chicago market hub.

The proposed Tioga lateral would extend from an area near Tioga, ND, to the Alliance mainline, near Sherwood, ND. The pipeline’s initial design capacity is approximately 120,000 Mcf/day, with an ultimate design capacity based on shipper demand.

Facilities associated with the pipeline include a meter station and a compressor station, with a pressure regulating station at the terminus. Counties through which the proposed pipeline would traverse include Williams, Mountrail, Burke and Renville Counties.

Project Need

This new infrastructure would enable producers to economically move natural gas and natural gas liquids being produced in association with oil production to market. This energy might otherwise be flared or vented to the atmosphere due to a lack of infrastructure. This pipeline will help transport this important resource – the most environmentally-friendly of the hydrocarbon energies – to homes and businesses where it is needed.

ABOUT ALLIANCE PIPELINE

Each day, Alliance Pipeline safely transports more than 1.6 billion cubic feet of natural gas – enough energy to meet the needs of seven million homes. Our 2,311 mile system extends from British Columbia, Canada, to the U.S. Midwest, near Chicago, Illinois. We conduct our business in a socially and environmentally responsible manner, while investing in the communities where we live, work and operate.

What are the benefits to the community?

Subject to regulatory approval, this project would benefit the local economy through additional tax revenue, employment opportunities during construction, increased royalties, and support for local services such as restaurants, hotels, service stations and other businesses. We anticipate that this project will create over 200 temporary and contract employment opportunities.

Proposed Tioga Lateral Pipeline

www.alliancepipeline.com
Consultation Activities Update

Alliance Pipeline has built strong relationships within the communities where we operate. We are committed to identifying and engaging all affected and interested parties, and providing stakeholders – including affected landowners, occupants, tenants, and local, state and federal government agencies and officials – with timely information about this project.

In early August, we sent an introductory informational mailing about the project to various project stakeholders, following which affected parties were contacted by EnGlobal Field Services, which Alliance has retained to assist with land negotiations.

Open houses held:
Alliance hosted two community open houses about the project in September; one in the town of Tioga, ND, and one in Kenmare, ND. Each afforded an opportunity for stakeholders to learn about and discuss the project with the Alliance Pipeline team. Regulators from the Federal Energy Regulatory Commission were also available for discussion. Approximately 40 people visited the open houses.

For those with an interest in the project who have so far been unable to participate in the consultation process, information about the Tioga Lateral Project is posted regularly to www.tiogalateral.com.

If you wish to discuss the project, please contact us by phone or email. We appreciate people's input and interest about the project.

- Toll-free project information line: 1-855-667-9558
- E-mail: info@alliancepipeline.com

Environmental Work Update

Alliance strives to mitigate impacts to the environment at all stages of project development, from planning through to construction and operations.

Environment work for the project began in August 2011 with environmental surveys along the proposed route. This has included examining area ecology and identifying sensitivities like cultural sites and rare plants.

At the end of October, Alliance had completed survey work on 71.5 miles of the route and in doing so, identified a native American stone circle and an original homestead site. We are currently formulating mitigation plans to address these items.

Environmental assessment work will continue throughout the project, including:

- Wildlife, aquatics, fish, and soil studies
- Rare plant and weed survey
- Archaeological impact assessment
- Environmental and socio-economic impact assessment

Our Environmental Management System is in place to ensure Alliance Pipeline maintains environmental compliance during construction and operations through a variety of environmental protection and monitoring activities and review programs.

Regulatory Update

On August 25, 2011, the primary regulator for the proposed project, the Federal Energy Regulatory Commission (FERC), issued a notice of intent to prepare an environmental assessment for the proposed project and set a scoping period for public comments which closed September 26, 2011.

As part its information gathering and public involvement process, the FERC held a public scoping meeting on September 14, 2011 in Kenmare, ND, where members of the public had an opportunity to formally bring forward comments about the project.

Comments from approximately nine individuals and organizations were submitted during the scoping period and the scoping meeting, dealing with matters such as routing and safety. Alliance will take these comments into consideration as planning continues for this project.

Further information about the regulator and application review process can be obtained either through their website www.ferc.gov or by contacting them at:

Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426
Tel (toll-free): 1-866-208-3372
E-mail: customer@ferc.gov

Route Change

As a result of stakeholder feedback and environmental considerations, Alliance is proposing a route variation. This change is primarily to avoid, where it is possible to do so, conservation easements administered by the US Fish and Wildlife Service as well as crossing Federal lands within the Des Lacs Wildlife Refuge.

Commercial Progress

In order for a project like this to proceed, the FERC requires the proponent to establish the necessary commercial underpinnings. Alliance has an anchor shipper that has contracted a significant portion of the capacity of the proposed pipeline, which provides the necessary commercial certainty. However, pipeline companies are also required to make new infrastructure available to the market at large through an “open season”, which is essentially an auction of the space available on the pipeline. Alliance held an open season for the Tioga Lateral from September 28 to October 27, 2011. Interest in the project was expressed; however no additional volumes were secured during the open season period. Talks continue with interested commercial parties.

Schedule

Consultation efforts and environmental work for the project are underway and will continue throughout the project. We initiated the regulatory process in June, 2011, and subject to regulatory approval, construction could begin in the latter part of 2012.

The pipeline could be in service in the first half of 2013. For a detailed listing of project milestones achieved to date, visit www.tiogalateral.com.
Construction Sequence

Alliance favors winter construction for this pipeline, to mitigate environmental impacts on migrating birds, improve topsoil management and prevent soil compaction. Following construction, the land surface would be restored, and measures taken to establish ground cover compatible with surrounding areas and land use. During construction there would be a slight increase in traffic flow in and around the area, with heavy equipment on site.

Contracting Opportunities

Procurement of materials and contractor selections will take place in early 2012. Our construction contractors would then begin working with local communities to identify temporary employment and contract opportunities. For more information, contact Alliance toll-free at 1-855-667-9558.
Alliance in the Community

$100,000 contribution to flood relief-efforts

With 324 miles of infrastructure already operating in North Dakota, Alliance is no stranger to the community. Many of our existing landowners and other stakeholders were impacted by the devastating flooding in 2011. In response, Alliance donated a total of $100,000 to the Minot Area Community Foundation at the “Bring Back the Magic” telethon which raised funds to assist with flood relief efforts. At the telethon, Alliance made a $50,000 donation, and then tripled the power of other donations by giving $2 for every dollar donated, contributing an additional $50,000.

Alliance’s Chief Operations Officer, Mike McGonagill presents a cheque for $50,000 at the Bring Back the Magic Flood Relief Telethon, and promises to match donations with another $50,000.

Alliance also recently made a $5,000 donation to the North Dakota Firefighters Association to assist with the purchase of new equipment to be used in training exercises across the state. In addition, Alliance recently made a $5,000 donation to Farm Rescue, a nonprofit organization that plants and harvests crops free of charge for family farmers who have suffered a major illness, injury or natural disaster. We are committed to supporting local initiatives in the communities where we operate.

Safety & Emergency Preparedness

Alliance Pipeline has one of the best safety and performance records in the natural gas transmission industry. Our mainline was built using the most advanced pipeline design, technology and materials available, and those same rigorous standards will be applied to this project.

We are committed to protecting the safety of everyone living or working near our system, as evidenced by our robust monitoring and maintenance programs. For example, our entire pipeline is monitored 24/7, 365 days a year from our remote gas control center, from where we have the ability to close in any portion of our system. We also regularly inspect the system from the inside as well as via aerial patrol and on foot.

We also make every effort to ensure that those who live and work along the pipeline know how to do so safely, by calling before digging and knowing what to do in the unlikely event of an emergency. Alliance participates in the North Dakota One-Call system and also works with local first-responders to ensure that a comprehensive emergency response plan is always at the ready.

Alliance Contacts

Project information
Toll free: 1-855-667-9558
E-mail: info@alliancepipeline.com
Web: www.tiogalateral.com

Leighton Smith
Valley City Area Office
1520, 8 Street ST
Valley City, ND 58072
(701) 845-1929

Ken Goulart
U.S. Headquarters
6385 Old Shady Oak Road
Suite 150
Eden Prairie, MN 55344
(877) 733-3183

www.alliancepipeline.com