

MAKING CONNECTIONS



PEMBINA PIPELINE CORPORATION

Spring/Summer Newsletter

2012

Welcome to the Spring/Summer 2012 edition of Making Connections

Pembina uses this newsletter to inform stakeholders, like you, of the various projects and initiatives we are undertaking corporately and as an active member of your community.

PEMBINA ACQUIRES PROVIDENT

On April 2, 2012, Pembina Pipeline Corporation acquired Provident Energy Ltd. to create a leading player in the North American energy infrastructure sector. This has provided Pembina the opportunity to continue to expand its business and become one of the largest publicly traded energy infrastructure companies in Canada.

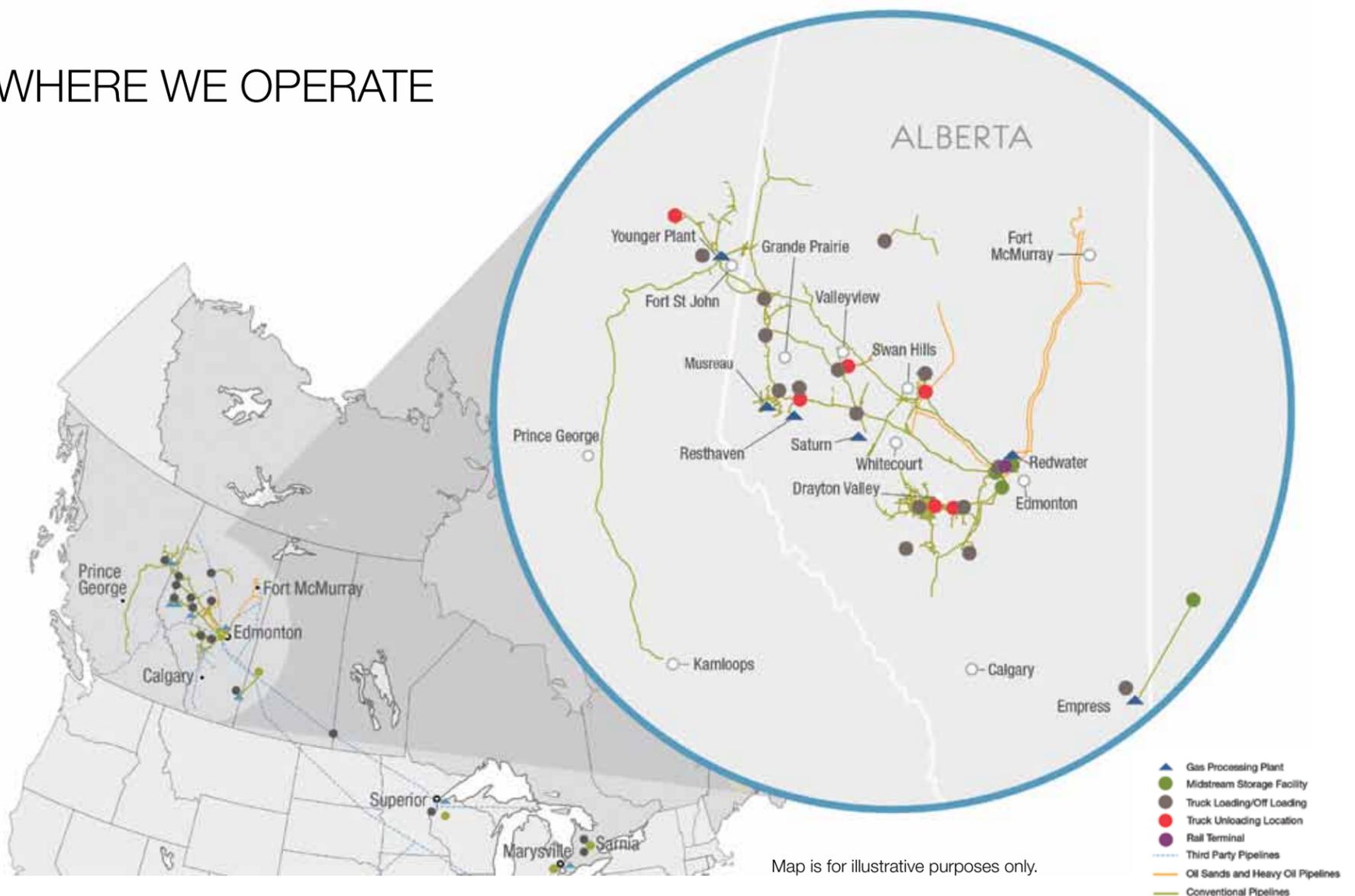
Because of the increased NGL production we are seeing by producers, we need to be able to

offer our customers a broader suite of services to capture our share of this exciting market. This acquisition combines our own energy transportation, gas services, and midstream and marketing expertise in British Columbia and Alberta with Provident's suite of services, which include natural gas liquids ("NGL") extraction, fractionation, storage, transportation and logistics in Alberta, Saskatchewan and into central Canada and the United States. This allows Pembina

to provide a bundled service offering to NGL customers, not to mention the diluents and enhanced transportation options we can now offer our oil sands and heavy oil customers.

We have a solid asset and geographical base, a more comprehensive and integrated suite of services and the ability to pursue larger, more complex growth projects. We are excited about our future and hope you are too.

WHERE WE OPERATE



2 Find out about: some of Pembina's newest assets and the exciting opportunities they bring.



3 Discover: some of the ways Pembina puts safety first.



4 Learn about: the investments we're making to ensure the communities in which we operate continue to be vibrant places to live, work and play.



PEMBINA'S EMPRESS, SARNIA AND CORUNNA FACILITIES

Pembina's gas processing facilities, both in the field and at our newly acquired Empress straddle plants near Medicine Hat, Alberta, extract natural gas liquids (NGL) from natural gas and sell products into markets in central and eastern Canada and the United States.

Our Empress facilities are connected to our Sarnia, Ontario plant through the Enbridge Pipeline System via key proprietary pipeline and storage facilities located at Kerrobert, Saskatchewan and Superior, Wisconsin. This integrated west-to-east NGL system provides highly competitive access to premium-priced markets for the distribution and sale of specification products, such as propane, butane and condensate.

Most natural gas requires some processing before it can be delivered to end-use customers or sales gas pipelines. At our Empress facilities, Pembina re-processes sales quality natural gas to extract all remaining NGL, including ethane. The ethane and condensate extracted at the Empress facilities predominately remain in Alberta. A mix of propane and butane is then shipped to Sarnia where it undergoes further processing and storage. We also provide storage and terminalling services for our customers for specification NGL products at our facilities in Corunna, Ontario.

"Our facilities at Empress, Sarnia and Corunna provide Pembina with the scale and presence to serve key North American NGL markets," said Bob Lock, Pembina's Vice President of our NGL business unit.

Empress Fast Facts

Approximately 2.0 bcf/d in extraction capacity at Empress comprising:

- 67.5 percent ownership of the 1.2 bcf/d capacity Pembina Empress Plant
- 33.0 percent ownership in 2.7 bcf/d capacity BP Empress 1 Plant
- 12.4 percent ownership in the 1.1 bcf/d capacity ATCO Plant
- 8.3 percent ownership in the 2.4 bcf/d capacity Spectra Plant
- 100 percent ownership of a 55,000 bpd debutanizer

Sarnia Fast Facts

The Sarnia, Ontario facility comprises a 150,000 bpd fractionator, 1.7 million barrels of raw product storage capacity, and 5.7 million barrels of finished product storage and a rail, truck and pipeline terminalling facility. Pembina owns 16.5 percent of the fractionator and 18 percent of the finished product handling system and storage.

Corunna Fast Facts

Pembina owns 100 percent of the Corunna storage facility. The facility is a 1,000 acre site that has cavern storage capacity of 12 million barrels, consisting of five million barrels of hydrocarbon storage and seven million barrels currently used for brine storage. The facility also includes 13 pipeline connections and a newly expanded rail off loading facility.



Corunna



Empress

Natural gas processing

The natural gas that is used in a household furnace is much different from the natural gas that is brought from underground to the wellhead. The natural gas used by consumers is composed almost entirely of methane. However, the natural gas found at the wellhead, although still composed primarily of methane, is by no means as pure. This gas contains a mixture of hydrocarbons, such as ethane, propane, butane, and pentanes. These products are often referred to as natural gas liquids (NGL).

At Pembina's gas processing facilities, we purify or clean the raw gas. Natural gas processing consists of separating all of the various hydrocarbons and fluids, from the pure natural gas, to produce what is known as 'pipeline quality' natural gas. Natural gas entering the pipeline system that is not within certain specific gravities, pressures, Btu content ranges, or water content levels may cause operational problems.

That means that before the natural gas can be transported, it must be purified. While the ethane, propane, butane and pentanes can be removed from natural gas, this does not mean they are all 'waste products'. In fact, these NGL are sold separately and have a variety of different uses including: enhancing oil recovery in oil wells, providing raw materials for oil refineries or petrochemical plants, and as sources of energy.

Our facilities are located in resource-rich areas where the demand from producers for gas processing services is increasing. "The proximity of our infrastructure in active producing regions, together with our integrated service offerings, positions Pembina to efficiently and competitively meet the needs of new and existing customers." said Stu Taylor, Pembina's Vice President of Gas Services.

What is NGL fractionation?

Once NGL have been removed from the natural gas stream, they must be broken down into their base components to be useful. The process used to accomplish this task is called fractionation. Essentially, fractionation occurs in stages consisting of the boiling off of hydrocarbons one-by-one. The name of a particular fractionator gives an idea as to its purpose, as it is conventionally named for the hydrocarbon that is boiled off. The entire fractionation process is broken down into steps, starting with the removal of the lighter NGL from the stream. The particular fractionators are used in the following order:

- **Deethanizer** – separates the ethane from the NGL stream
- **Depropanizer** – separates the propane
- **Debutanizer** – boils off the butanes, leaving the pentanes and heavier hydrocarbons in the NGL stream

By proceeding from the lightest hydrocarbons to the heaviest, it is possible to separate the different NGL fairly easily.

What are NGL used for?

Ethane or C₂ – used in the petrochemical industry as a feedstock for ethylene production

Propane or C₃ – used in industrial and residential heating

Butane or C₄ – used primarily for diluting crude oil, but it is also used as a feedstock for production of octane-enhancing additives for winter gasoline blending

Condensate or C₅ – the preferred diluent used to transport bitumen by pipeline

Pembina Joins Canadian Land Reclamation Association (CLRA)

Pembina's pipeline network traverses thousands of kilometres and passes through fertile agricultural land, rugged foothills and mountains, boreal forest, mixed grassland and forest (termed 'parkland'), urban areas, and even natural parks. Pembina demonstrates a strong commitment to the environment by ensuring proper reclamation of the soils following trenching or excavation along our right-of-ways. Proper reclamation supports the vegetation re-growth that is critical to controlling erosion, crop yield, grazing, and habitat.

As a result, Pembina has joined the Canadian Land Reclamation Association (CLRA) as a corporate member to share our knowledge and experience with other organizations.

The purpose of the CLRA is to further knowledge and encourage investigation of problems and solutions in land reclamation, while also providing an opportunity for those interested in and concerned with land reclamation to meet and exchange information, ideas and experience.



Segregating the topsoil from the subsoil when trenching new pipeline right-of-ways ensures the distinctly different soil types can be replaced sequentially allowing vegetation to recover.

"The CLRA is another resource for Pembina to learn about new practices and techniques used within our industry as well as others," said Shawna Mattison, Pembina's Manager of Environment. "In addition, Pembina is able to share our key learnings and case studies with other industry players."

To learn more about the CLRA visit their website <http://www.clra.ca/index.html>



If you see a sign like this...



At Pembina, the safety of the public and our employees is a top priority. Various regulators in our operating communities, which include the National Energy Board (NEB) and Alberta's Energy Resources Conservation Board (ERCB) to name a few, have regulations in place that restrict activities near our pipeline right-of-ways that could pose a threat to public safety and the operation of the pipeline. Pipeline marker signs show the approximate location of Pembina's facilities. You must call before you dig! Prior approval from Pembina is required for all activities on our right-of-way and if you are using explosives or power-operated equipment to excavate within the 30-metre safety zone.

From Dusk 'till Dawn,.. Pembina employees will be driving a little slower

Pembina has worked hard over the last few years to reduce the number of vehicle incidents we experience each year. We started with an Alberta Motor Association (AMA) partnership to provide our employees with Collision Avoidance Training every three years and followed that program by implementing a 'Distracted Driving Policy' that forbids the use of cell phones while driving. We also instituted a 'Backing-In Policy' requiring drivers to do a spot check before backing their vehicles in at a work site, facility or office to prevent needless fender benders or damage to equipment.

Pembina's latest safety endeavour is a 'Dusk to Dawn Policy' that requires all employees who are driving on company time during dusk or dawn to reduce their speeds by 10 kph from posted speed limits when driving in rural areas. The main reason is to prevent wildlife-related incidents, as animals are most active during these hours and the driver's field of vision is significantly reduced. The use of radar detectors is also prohibited in company vehicles.

Did you know a 10 kph reduction in speed provides for more reaction time and nearly 20-metres more stopping distance? That distance makes a big difference for the safety of everyone on the road.



PROTECTING OUR REPUTATION BY MAINTAINING OUR INTEGRITY

The long-term safety and reliability of our pipelines and facilities is central to Pembina's success. Far from being a cost of doing business, Pembina believes a strict focus on safe and reliable operations both lessens the likelihood of pipeline incidents and associated expenses while reducing our overall costs and sustaining our license to operate.

Pembina's Integrity & Technical Services (ITS) group is responsible for managing the integrity programs associated with our pipeline and facility operations, and the drafting and design of the lines as well. We spent some time recently with the department's Vice President, Allan Charlesworth, to get a better understanding of ITS.

What does integrity management mean to Pembina?

Integrity management at Pembina begins with identifying and assessing hazards that have the potential to compromise the integrity of our assets so we can address them through the timely application of programs and risk control measures. Pembina's central risk control program is our Integrity Management Program (IMP), a program designed to ensure the integrity of our system is preserved throughout the entire lifecycle of the pipeline.

What makes up the IMP and why is it so important?

The IMP is the foundation that keeps our pipeline systems and assets in good working order, or as we call it "fit-for-service". The IMP is actually composed of several core programs, many of which flow through daily operations to ensure the proper running of the lines. These programs include: Right-of-Way Management, Geotechnical Programs and Performance, Audit and Review Programs. The cornerstone to Pembina's pipeline IMP, however, is our In-Line Inspection (ILI) and Repair Program.

Please provide more details on the In-Line Inspection and Repair Program.

This program is primarily focused on managing corrosion and employs high-resolution, "smart" tools to identify the location and severity of potential defects that could affect a pipeline's "fitness-for-service". Any defects identified are excavated and repaired to exceed Pembina's safety criteria in accordance with established company and industry standards. In 2011, Pembina ran in-line inspections of more than 1,470 kilometres of pipeline, nearly 20% of our entire pipeline system. We also completed 324 digs in 2011 during which the line was excavated, evaluated and, if needed, repaired. In general, our inspection program is designed so that approximately 20 – 25% of the system is inspected each year, ensuring line segments are re-inspected on an approximate five to seven year cycle.



Allan Charlesworth

Finally, is there anything new with ITS, or additional programs you would like to share?

We continually refine our programs and processes, and work with the latest technologies available to ensure the sound performance of our pipeline systems and facilities. Last year, we made some improvements to our Geospatial Information Systems (GIS), giving us a comprehensive database of our pipeline network and depicting roads, rails and pipeline crossings as well as pipe specifications, surface facilities and surrounding topography – not to mention our pipelines themselves. Our 2011 enhancement to the GIS included a "pipeline integrity solution tool" that will allow us to import results of ILI inspections and dig programs into the database so they can be analyzed in greater detail.

In 2012, we plan to develop and implement a structured risk assessment process that will combine the pipeline attributes with the ILI results as well as identified geo-hazards.

PEMBINA IN THE COMMUNITY

Pembina's community investment decisions are based on our understanding of the unique needs and characteristics of each community. We focus initiatives on supporting organizations that advance education, preserve and protect the environment, and foster wellness and cultural awareness primarily in the communities we operate.

Pembina's Welding Scholarship Awarded

The Pembina Pipeline Corporation Welding Scholarship was presented by Brad Beaupre, Manager, Deep Basin District, to Robert Bedell, student at Northern Lights College. Robert Bedell received the \$1,000 scholarship for achieving the highest academic standing within his Welding Level C program. The awards ceremony was held at the College's Dawson Creek Campus on April 18th.



Brad Beaupre (left), Robert Bedell (right).

Supporting the Slave Lake Multi-Centre: A Focus on Community

Pembina is a proud sponsor of the Slave Lake Multi-Center. Pembina's sponsorship supports the Pubble People Mural, foyer tables and chairs, as well as ongoing maintenance of the arena. The Pubble People Mural is an art mosaic composed of more than 100 individual paintings, created in a workshop focused on uniting local children with elderly citizens – an idea conceived and constructed by a local artist. The foyer table and chairs will also be a place that brings the community together whenever they visit the centre.

Pembina Participates in Rocky Mountain Safety Day

On May 2, Pembina participated in the 7th annual Safety Day at the Voyageur Arena in Rocky Mountain House. The community of Rocky Mountain House hosts this annual event to encourage safe practices by its community members and local businesses by educating and increasing awareness about safety. Our fully stocked safety booth featured safety equipment used by Pembina staff. Employees Tanis Fiss and Tara Lotnick

worked to show kids the importance of each piece of equipment and how they help to reduce incidents and injuries. They also provided safety-themed give-aways such as reflective tags for kids to place on backpacks to help pique the interest of the kids and get them 'reflecting' on safety throughout the day.



STARS

Pembina has been a long-time supporter of the STARS Air Ambulance Foundation, and has been engaged with the foundation in some capacity since 1993. This year marks the first of a brand new, five-year partnership with STARS with a gift from Pembina of \$115,000.

STARS provides critical air and ground support rescue services for any type of serious injury or accident throughout the Province of Alberta. Pembina's sponsorship is focused on helping ensure that STARS has the funding it needs to continue to protect the health, safety and general well-being of our communities.

Upcoming Pembina Open Houses

Open houses to educate local residents of Pembina's emergency response plans will be held:

- June 14 at the Sangudo Community Centre from 3:00 pm to 9:00 pm
- June 15 at the Gunn Community Centre from 3:00 pm to 9:00 pm

An open house and community BBQ to show our appreciation to area truckers and the community will be held:

- June 19 at Pembina Pipeline Corporation Gordondale Truck Facility from 10:00 am to 7:00 pm

CALL BEFORE YOU DIG

To protect people and the environment, and to reduce the risk of pipeline damage, it's important to contact Pembina directly (1-888-428-3222 or landrequests@pembina.com) at least three days before you do any type of excavation that might be on or near a pipeline right-of-way. You should also always call your provincial One Call Service at:

Alberta One Call: 1-800-242-3447
British Columbia One Call: 1-800-474-6886
Ontario One Call: 1-800-400-2255

DO YOU KNOW US BY A SUBSIDIARY NAME?

In British Columbia, Pembina's pipelines are known by our subsidiary company name, **Plateau Pipe Line Ltd.** Crossing the B.C. / Alberta border, we operate under **Pouce Coupé Pipe Line Ltd.**, and our pipelines within the Edmonton / Fort McMurray corridor are operated as **Alberta Oil Sands Pipeline Ltd. (AOSPL)**.



MAKE YOUR OWN CONNECTION WITH PEMBINA

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www.pembina.com 24-Hour Emergency Contact: 1-800-360-4706 Email: communityrelations@pembina.com

Reliable | Trusted | Responsible

Committed to being the operator, employer, partner, neighbour and investment of choice in western Canada's energy infrastructure sector

This newsletter may contain forward-looking statements and information that are based on Pembina's current expectations, estimates, projections and assumptions. Actual results may differ materially. For more information about these risks, please refer to Pembina's annual and interim reports available at www.pembina.com. Pembina is a publicly-traded company. Our shares are listed on the Toronto Stock Exchange under the symbol PPL, and New York Stock Exchange under the symbol PBA while our convertible debentures are listed under the symbol PPL.DB.C, PPL.DB.E, PPL.DB.F.

