



Executive Summary

Surerus Pipeline Inc. and Surerus Construction & Development Ltd. had a good year with regard to Health, Safety and Environmental performance. While our overall incident and accident numbers have increased, our recordable incident frequencies are down significantly.

The work conducted in 2004 was broad in scope. We installed pipe ranging in size from 3-inch to 24-inch. A significant contributor to our improved accident performance was the Ekwan Pipeline Project which consisted of 83 kilometers of 24-inch mainline pipe and employed in excess of 330 workers. This project commenced in December 2003 and was completed in March of 2004 with zero lost time accidents.

Overall Surerus employed more than 450 workers and installed over 260 kilometers of pipe. We experienced 337,265 exposure hours and reported 75 incidents including personal injuries, vehicle accidents and property damage. Our LTA frequency is down by 22.5% from last year and our TRI frequency is down 52.2% from 2003. Although we experienced more reported incidents, the severity of our incidents fell in 2004, and the statistics show that our incident reporting is up considerably. This is a good indicator that our safety program is working and that workers understand the importance of reporting incidents.

In 2004 we completed a review and rewrite of our safety program, along with implementation sessions, and developed and implemented an incident tracking data base. We also completed a COR maintenance audit and increased our passing score to 88% from 81% the year before.

Surerus experienced a significant WCB rate reduction that will save the organization a substantial amount of money over the coming year. This improvement reflects our commitment to safety and our ambition to be the safe work leader in our industry.

Surerus continued to conduct effective safety meetings and other cornerstone program activities throughout the year.

John Steward, *CRSP*
HSE Manager
Surerus Pipeline Inc.
Surerus Construction & Development Ltd.



SURERUS PIPELINE INC. – 2004 SAFETY REPORT

THREE YEAR STATISTICS

LOST TIME ACCIDENT FREQUENCY RATIOS

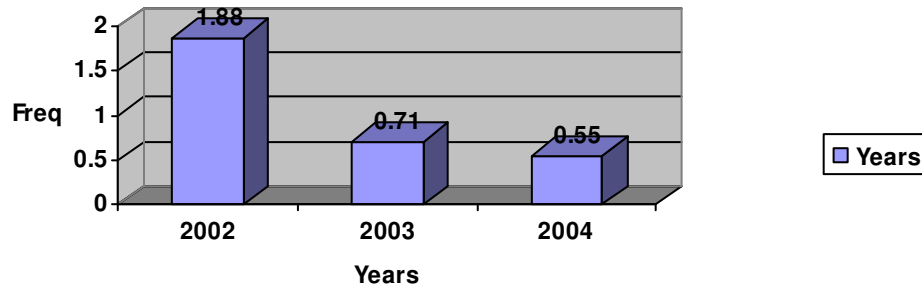
Lost Time Accident Frequency Ratio

$$\frac{\text{Total Number of Lost Time Accidents} \times 200,000}{\text{Hours of Exposure}}$$

YEAR	RATIO
2004	.55
2003	.71
2002	1.88

NOTE: The Lost Time Accident (LTA) Frequency Ratio is based upon the sum of all Lost Time Accidents and Medical Aids as per statistical information and definition from the Workers' Compensation Board of British Columbia.

Lost Time Injury Frequencies



Injuries Experienced

Type of Injury	2004	2003	2002
Lost Time Injuries	1	1	2
Medical Aid Injuries	3	6	10

Hours of Exposure

YEAR	HOURS OF EXPOSURE
2004	337,265
2003	282,418
2002	212,594



THREE YEAR STATISTICS

TOTAL RECORDABLE INCIDENT FREQUENCY RATIOS (TRIR)

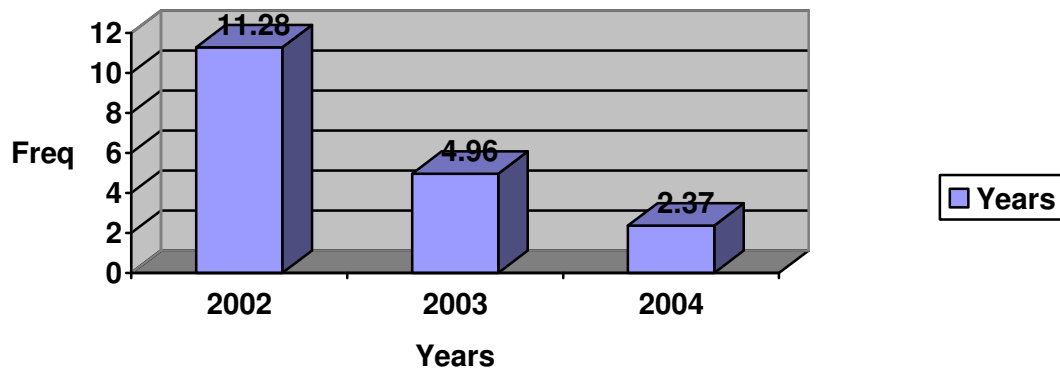
Total Recordable Incident Frequency Ratio

$$\frac{\text{Total Number of Medical Aids and Lost Time Accidents} \times 200,000}{\text{Hours of Exposure}}$$

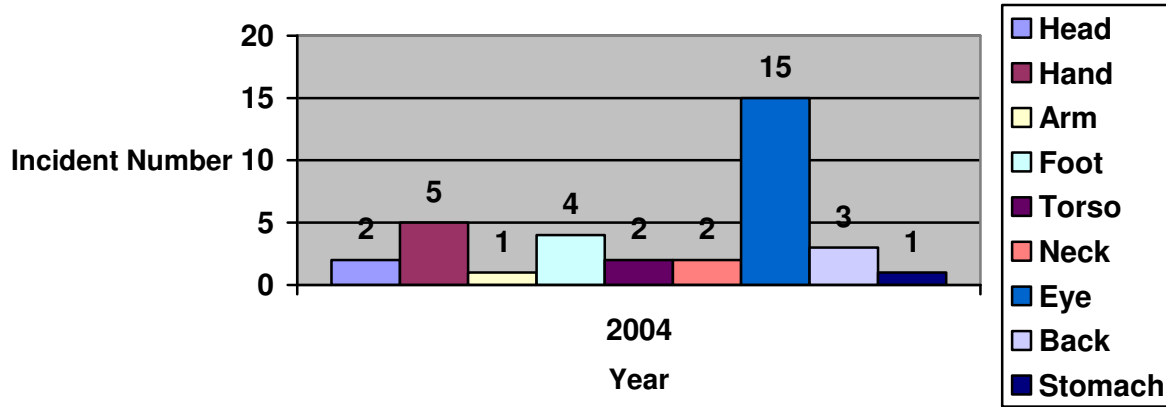
YEAR	RATIO
2004	2.37
2003	4.96
2002	11.28

NOTE: The Total Recordable Incident (TRI) Frequency Ratio is based upon the sum of all Lost Time Accidents and Medical Aids as per statistical information and definition from the Workers' Compensation Board of British Columbia.

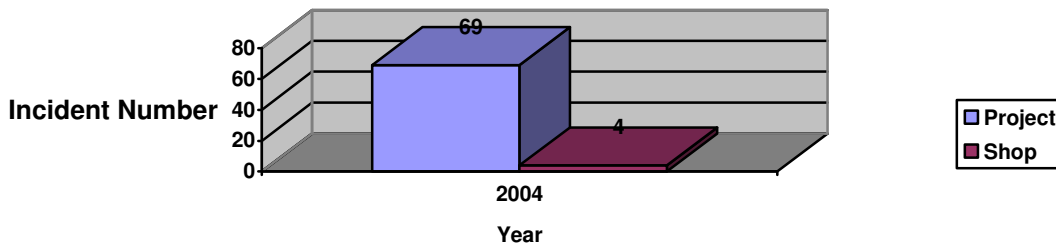
Total Incident Frequencies



Injury By Body Part



Injury By Location



Conclusions

Once again we have reduced our accident frequencies by significant amounts. I believe this is an indicator of a safety program that is working. I believe our incident reporting and investigation has also improved, which is reflected in the number of incidents reported. The numbers are starting to fall in line with the 641 accident ratio theory.

We have our challenges in taking remedial action to prevent reoccurrence, however this is a continuous improvement item. Our modified work program is functioning well, resulting in a significant reduction in the WCB premiums in BC and some moderate gains in Alberta.

Overall I am pleased with the year and our performance.



Forecast

While we have done extremely well in 2004 we have some improvements to make to ensure we do not slide backwards with regard to health and safety performance.

Training and awareness will be key items as we progress into the next few years to ensure that our leaders understand, and buy into, fundamental modern safety management principles.

We will focus on implementing our COR audit recommendations over the next year to ensure a more comprehensive use of the very good safety processes that we already have in place.

A complete review and rewrite of our safe work procedures is slated for 2005. Field employees will be engaged to ensure the procedures are practical and efficient.

Vehicle incident statistics will be kept in 2005 with a correlation to kilometers driven.

2005 looks like it will be a busy year and we at Surerus are going to need to endorse solid safety management practices to ensure we remain competitive. WCB rates will continue to fall in 2005 / 2006 if we maintain our commitment to improving our injury severity performance and modified work implementation.

We look forward to a very safe and productive 2005 at Surerus Pipeline Inc. and Surerus Construction & Development Ltd.