

**ARRANGEMENT
BETWEEN THE
NATIONAL ENERGY BOARD
AND THE
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION,
U.S. DEPARTMENT OF TRANSPORTATION**

I. PURPOSE

The National Energy Board (NEB) of Canada and the Pipeline and Hazardous Materials Safety Administration (PHMSA) of the U.S. Department of Transportation (DOT) (together, “the Participants”) enter into this Arrangement to enhance cooperation and coordination between the Participants for the purpose of improving pipeline safety in both Canada and the United States.

II. BACKGROUND

NEB regulates aspects of the energy industry in Canada including the construction and operation of inter-provincial and international pipelines; pipeline traffic, tolls and tariffs; the construction and operation of international and designated inter-provincial power lines; the export and import of natural gas; the export of oil and electricity; and Frontier oil and gas activities.

PHMSA regulates safety, reliability, and environmental soundness in the design, construction, testing, operation, maintenance, and spill response planning for natural gas and hazardous liquid pipeline facilities used in or affecting U.S. interstate and foreign commerce.

The pipeline infrastructure in Canada and the United States is interconnected and the continued safe operation of this infrastructure is dependent on the adequacy and effectiveness of design, construction, operation, maintenance, and other aspects of pipeline transportation activities in both nations. The Participants recognize that the conduct of their responsibilities has and will in the future require them to examine, regulate, or otherwise oversee interconnecting pipeline facilities or activities. The Participants further recognize that appropriate cooperation in the development and implementation of regulatory programs will provide greater regulatory certainty to pipeline companies operating pipelines which cross the boundary between Canada and the United States.

III. PROVISIONS OF ARRANGEMENT

- A. The Participants contemplate that cooperation may take the form of staff exchanges, emergency management planning and exercises, joint training initiatives, consultative regulatory development, and sharing of compliance data and reports. To the extent any investigation reports, findings, and company intelligence are shared in furtherance of the purposes of this Arrangement, each Participant should protect any non-public records or portions thereof provided by the other Participant from unauthorized disclosure in accordance with applicable law and should obtain the consent of the providing Participant before disclosing any confidential information. PHMSA further intends to specify when information it provides is being submitted “in confidence” so that that the NEB can refuse disclosure of that material in accordance with Canada’s Access to Information Act.

- B. The Participants contemplate that cooperation may take place on research and development activities. These activities can take the form of coordination meetings to identify mutual areas of research and the possible co-funding of identified research projects.
- C. When either Participant undertakes a compliance audit on a pipeline that crosses the border between Canada and the United States, the Participant undertaking the audit should notify either the NEB Secretary or PHMSA's Assistant Administrator/Chief Safety Officer for Pipeline Safety as appropriate. Where appropriate, such notification may include an invitation to observe the audit.
- D. When either Participant commences an enforcement action on a pipeline that crosses the border between Canada and the United States, the Participant commencing the action should notify either the NEB Secretary or PHMSA's Assistant Administrator/Chief Safety Officer as appropriate.
- E. If an Alaskan Natural Gas Pipeline is authorized by law to be designed, constructed and operated, the Participants will coordinate and collaborate in the manner described herein as appropriate.

IV. OTHER PROVISIONS

- A. Nothing in this Arrangement or any annex is intended to impose any funding obligations on either of the Participants. Nothing in this Arrangement or any annex is intended to diminish or otherwise affect the authority of either Participant to carry out its statutory, regulatory or other official functions or to commit either Participant to providing a particular service they would not otherwise provide in the scope of each Participant's individual mission and functions.
- B. Nothing in this Arrangement or any annex shall be construed to conflict with current law, regulation, or directive of the NEB or the DOT. If a provision of this Arrangement or any annex is determined to be inconsistent with such authority, that provision shall not be considered to be applicable to the extent of the inconsistency.
- C. Nothing in this Arrangement or any annex is intended to create any right or benefit, substantive or procedural, enforceable at law by any person or organization against either Participant, its agencies or officers, state agencies or officers carrying out programs authorized under federal law, or any other person.
- D. This Arrangement and any annexes hereto may be revised or modified at any time by the NEB and PHMSA.

V. PRINCIPAL CONTACTS

The Participants designate the principal contacts identified in Attachment A. Each Participant's contact may be changed at its discretion upon notice to the other Participant.

VI. COMMENCEMENT AND EXPIRATION

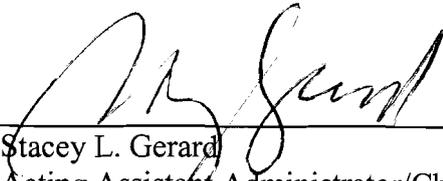
This Arrangement will commence on the date of signature by both of the Participants and will expire upon notification by either Participant.



Jim Donihee
Chief Operating Officer
National Energy Board

22 Nov 05

Date



Stacey L. Gerard
Acting Assistant Administrator/Chief Safety Officer
Pipeline and Hazardous Materials Safety Administration
U.S. Department of Transportation

11/18/05

Date

ATTACHMENT A: PRINCIPAL CONTACTS

The following are the principal initial contacts for each Participant:

National Energy Board

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