

Drafted by:	Krishna Klear	Not Responsive	
Approved by:	Linda Beltrano; ED, OSI	✓	
	Fazil Mihar ADM, OSI	✓	
	Steve Carr, DM		
Cliff No.	81436		

s.22

Email: s.22

pc: Premier@gov.bc.ca

Dear s.22 :

Your September 13, 2013 email to the Honourable Christy Clark, Premier, regarding refining natural resources in CanadaNot Responsivehas been forwarded to me. As the Minister of Natural Gas Development, I am pleased to respond.

There are currently a number of projects that are being proposed for both pipelines and building a refinery in Kitimat regarding the shipment of oil to British Columbia's west coast. Information on the refinery proposal is available at the Kitimat Clean Ltd. website at <http://kitimatclean.ca/>. In addition, the province commissioned a review of the proposed Kitimat refinery project. A technical assessment is available at <http://www.empr.gov.bc.ca/OG/oilandgas/publications/TechnicalDataandReports/Documents/Navigant%20Kitimat%20refinery%20final%20031413.pdf>.

The provincial government has released a policy paper entitled, "Requirements for British Columbia to Consider Support for Heavy Oil Pipelines." It sets out five requirements that must be met for British Columbia to consider support of any heavy oil pipeline projects:

1. Successful completion of the environmental review process;
2. Create world-leading marine oil spill prevention, response and recovery systems for British Columbia's coastline and ocean to manage and mitigate the risks and costs of heavy oil pipelines and shipments;
3. Implement world-leading practices for land oil spill prevention, response and recovery systems to manage and mitigate the risks and costs of heavy oil pipelines;
4. Address legal requirements regarding Aboriginal and treaty rights are addressed, and provide First Nations with the opportunities, information and resources necessary to participate in and benefit from a heavy-oil project; and
5. British Columbia must receive a fair share of the fiscal and economic benefits of a proposed heavy oil project that reflects the level, degree and nature of the risk borne by the province, the environment and taxpayers.

Not Responsive

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Not Responsive

The Government of British Columbia is committed to ensuring that any energy development is economically, socially and environmentally responsible in order to benefit British Columbians and meet our future energy needs.

Thank you, again, for writing and sharing your comments.

Sincerely yours,

Rich Coleman
Minister of Natural Gas Development
and Deputy Premier

Drafted by: Krishna Klear
(Not Responsive
Approved by: Linda Beltrano; ED, OSI
Fazil Mihar ADM, OSI
Steve Carr, DM
Cliff No. 81444

✓
✓
—

Email: s.22

pc: Premier@gov.bc.ca

Dear s.22 :

Your June 6, 2013 email to the Honourable Christy Clark, Premier, Not Responsive
Not Responsive building a refinery near the Alberta oil sands has been forwarded to me. As the
Minister of Natural Gas Development, I am pleased to respond.

Not Responsive

There are currently a number of projects that are being proposed for both pipelines and building a refinery in Kitimat regarding the shipment of oil to British Columbia's west coast. Further information on the refinery proposal is available at the Kitimat Clean Ltd. website at <http://kitimatclean.ca/>. In addition, the province commissioned a review of the proposed Kitimat refinery project and the technical assessment is available at <http://www.empr.gov.bc.ca/OG/oilandgas/publications/TechnicalDataandReports/Documents/Navigant%20Kitimat%20refinery%20final%20031413.pdf>

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The Government of British Columbia is committed to ensuring that any energy development is economically, socially and environmentally responsible in order to benefit British Columbians and meet our future energy needs.

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BRIEFING NOTE**ISSUE:** Kitimat Refinery**KEY MESSAGES:**

- Kitimat Clean Ltd. is proposing to plan, construct and operate a new state-of-the-art oil refinery in Kitimat, to be in operation by 2020.
- The projected capital cost of the proposed refinery is \$16 billion, with an additional \$6 billion for an oil pipeline, \$2 billion for a natural gas pipeline, and \$1 billion for new ocean-going tankers.
- The proponent estimates a workforce of 6,000 will be required for five years of construction and approximately 3,000 workers will be directly and indirectly employed by the refinery once in operation.
- Navigant Consulting Inc. (Navigant) was contracted by the Province to conduct a preliminary technical assessment of the proposed refinery project. The report found that building a refinery on the coast of British Columbia (B.C.) has economic merit and should be seriously considered.

BACKGROUND:

- The proposed refinery would process up to 550,000 barrels per day (bpd) of diluted bitumen from the Alberta oil sands delivered by pipeline or by rail. It would produce eight petroleum products, including 240,000 bpd of diesel, 100,000 bpd of gasoline, and 50,000 bpd of kerosene (aviation fuel).
- The projected capital cost of the proposed refinery is estimated at \$16 billion. The refinery would likely be accompanied by a \$6 billion oil pipeline, a \$2 billion gas pipeline, and may require an additional \$1 billion for new ocean-going tankers that would carry value-added products.
- The refinery would be built on a 3,000 hectare site in the Dubose industrial site in the Kitimat Valley halfway between Terrace and Kitimat and would also include a natural gas cogeneration facility onsite to provide steam and electric power.
- During the five year construction period, it is expected that a workforce of 6,000 would be required. Direct employment for the operation of the proposed refinery is estimated at approximately 1,500 full time equivalent jobs with another 1,500 contract jobs to support the operations and maintenance.
- The proposed refinery will require an environmental assessment under Part 2 of the Reviewable Projects Regulation pursuant to the *BC Environmental Assessment Act*. A Project Description was submitted to the British Columbia Environmental Assessment office in September 2012.
- On April 20, 2013, Kitimat Clean Ltd. announced that it had signed Memorandums of Understanding (MOUs) with the Industrial and Commercial Bank of China (ICBC). The MOUs state that ICBC will be the Chinese financial advisor to Kitimat Clean Ltd. and will cooperate in the financing of the proposed project.

- The Province commissioned Navigant to conduct a preliminary technical assessment of the proposed refinery project. One of the key objectives of the study was to estimate the economic performance of the refinery in light of contraction of the industry in the United States. Navigant was asked to:
 - prepare a technical review, including an estimate of the likely economic performance of the refinery; and
 - compile an assessment of the Asian fuel supply/demand balance and whether the output from Kitimat – diesel, gasoline, jet fuel and other refined products - could be sold profitably to customers in four Asian countries (namely China, India, South Korea and Japan).
- The Navigant report was publicly released on March 19, 2013.

Navigant Report Key Findings

- Navigant found that building a refinery on the coast of B.C. has economic merit and should be seriously considered by the government of B.C. The report finds that such a refinery would provide incremental long-term economic benefits to the region, compared to export of unfinished feedstock.
- If configured carefully and managed properly, the refinery would generate sustainable margins that otherwise would be lost to Asian purchasers of Canada's oil sands production.
- It was also recommended that the proponent select a design for Kitimat that would make it capable of manufacturing fuel products for a myriad of countries around the Pacific Rim.

**MINISTRY OF NATURAL GAS DEVELOPMENT AND
MINISTER RESPONSIBLE FOR HOUSING
OIL AND GAS DIVISION
ESTIMATES BRIEFING NOTE 2013/14**

ISSUE: Kitimat Clean Refinery

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- The refinery would be built on a 3,000 hectare site in the Dubose industrial site in the Kitimat Valley halfway between Terrace and Kitimat and would also include a natural gas cogeneration facility onsite to provide steam and electric power.
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