

**MINISTRY OF NATURAL GAS DEVELOPMENT**

**BRIEFING NOTE FOR DECISION**

**I PREPARED FOR:** Honourable Rich Coleman, Minister

s.12, s.13

s.21, s.17

s.17, s.21

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s.12, s.13

s.12, s.13

**VI RECOMMENDATION:**

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Honourable Rich Coleman  
Minister of Natural Gas Development

**APPROVED BY:**

Garth Thoroughgood ED

Ines Piccinino ADM

Steve Carr DM

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## **MINISTRY OF NATURAL GAS DEVELOPMENT**

### **BRIEFING NOTE FOR INFORMATION**

**I PREPARED FOR:** Honourable Rich Coleman, Minister of Natural Gas Development

**II ISSUE:** Senior representatives from Chevron Canada (Chevron) and Apache Canada (Apache) will meet with Minister Coleman on July 24, 2013. In attendance at the meeting from Chevron will be Rod Maier, General Manager and Lead for the Kitimat LNG Project and Alan Dunlop, Vice President for Chevron Asset Development. In attendance from Apache will be Tim Wall, President, Apache Horn River and Liard and Janine McCardle, Senior Vice President at Apache.

### **III BACKGROUND:**

#### **Partnership Details**

- Kitimat LNG project is a partnership between Apache and Chevron to create a LNG facility in Bish Cove, near Kitimat, British Columbia (BC).
- Chevron is a wholly owned subsidiary of the Chevron Corporation with oil sands projects and shale acreage in Alberta, exploration, development and production projects offshore in the Atlantic, as well as exploration and resource interests in the Northwest Territories and Beaufort Sea of Western Canada's Arctic region.
- Calgary-based Apache Canada Ltd. (Apache) is a subsidiary of Apache Corporation, one of the world's largest independent oil and gas exploration and production companies. Apache is one of Canada's top oil and gas producers and a leader in the natural gas industry. Apache operates in BC, Alberta and Saskatchewan.

#### **Kitimat LNG Project**

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- The proposed 463-kilometer Pacific Trail Pipeline (PTP) will transport feed natural gas from Horn River and Liard fields in Summit Lake to the Kitimat LNG facility.
- The province signed a landmark economic agreement with the 15 First Nations along this PTP route known as the First Nations Limited Partnership (FNLP) in February 2013.
- Kitimat LNG received National Energy Board export licence in 2011 and major environmental approvals in 2006.

### **IV DISCUSSION:**

- Chevron has indicated that the purpose of the meeting is to provide the Minister with a briefing of the company, specific to their LNG business, and the status of their projects.

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- Chevron will likely want to discuss provincial initiatives that will ensure an adequate work force is in place to address their labour requirements.
- BC has learned from other jurisdictions and other sectors regarding the development of a skilled labour workforce and is working locally, provincially, nationally and internationally to align sector workforce needs.
- BC recognizes that filling the skilled labour requirements of this sector must be shouldered equally with industry.
- The BC Natural Gas Workforce Strategy Committee, under a Labour Market Partnership agreement, has developed a Strategy and Action Plan to help ensure that there are enough skilled workers to meet the anticipated expansion of the Natural Gas Sector. The committee has representatives from major companies, industry associations and the provincial government.

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## V CONCLUSION:

- Chevron is expected to deliver a positive message regarding the transition and the advancement of the Kitimat LNG project and PTP.
- Chevron is expected to discuss the conclusion of their transition plans with respect to the joint venture with Apache.

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**REVIEWED BY:**  
Brian Hansen, ADM ✓

**APPROVED BY:**  
Steve Carr, DM ✓

## MINISTRY OF NATURAL GAS DEVELOPMENT

### BRIEFING NOTE FOR INFORMATION

**I PREPARED FOR:** Honourable Rich Coleman, Minister of Natural Gas Development and Minister Responsible for Housing

**II ISSUE:** Meeting with Al Monaco, President and Chief Executive Officer and Janet Holder, Executive Vice President, Western Access from Enbridge Inc. to discuss moving forward to cover the Province's five conditions for heavy oil pipelines for its proposed Northern Gateway Pipelines Project.

### III BACKGROUND:

The estimated \$6 billion Northern Gateway Pipelines Project (Project) proposes the construction of twin pipelines across Alberta and northern British Columbia to move oil and import condensate between Bruderheim, Alberta and Kitimat, British Columbia. The proposed Project would also require the construction of a new marine shipping terminal in Kitimat, to enable tankers to ship oil to Asia and the United States and import condensate.

Currently, the proposed Project has completed the hearing phase of a federal regulatory process led by the National Energy Board (NEB). The Joint Review Panel (JRP) will be submitting an environmental assessment report to the federal government by December 31, 2013. This report will include the JRP's conclusions, recommendations and certificate conditions as well as any mitigation measures and follow-up that should be considered by the federal government. It is anticipated the federal government will make a decision on the environmental assessment and whether to issue a certificate under the *NEB Act* by June 2014.

The proposed Project continues to draw strong opposition from First Nations and environmental organizations due to concerns over the possibility of terrestrial and marine oil spills, construction impacts, tanker traffic, and the link to oil sands and related climate change impacts.

### IV DISCUSSION:

The government of British Columbia has outlined five minimum requirements that must be met for the province to consider the construction and operation of heavy oil pipelines. The government's heavy oil policy paper, released on July 23, 2013 combines the need for environmental safety with the Province's fair share of fiscal and economic benefits.

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As set out in the heavy oil policy paper, the following requirements must be met:

1. Successful completion of the environmental review process;
2. World-leading marine oil spill response, prevention and recovery systems for British Columbia's coastline and ocean to manage and mitigate risks and costs of heavy oil pipelines and shipments;
3. 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. Legal requirements regarding Aboriginal and treaty rights are addressed, and First Nations are provided with the opportunities, information and resources necessary to participate in and benefit from a heavy oil project; and
5. British Columbia receives 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.

British Columbia thoroughly reviewed all of the evidence and submissions made to the JRP and asked substantive questions about the proposed Project including its route, spill response capacity and financial structure to handle any incidents. British Columbia's questions were not satisfactorily answered during the hearings.

On May 31, 2013, British Columbia submitted its final written argument to the JRP and identified the weaknesses of the NGP application and evidence. In the submission, the Province stated that it cannot support the project as presented to the JRP because the Proponent has been unable to address British Columbians' environmental concerns.

The Proponent presented little evidence regarding its approach in the event of a spill in a timely and effective manner so as to reduce as much as possible its environmental and other effects. It is not clear from the evidence that the Proponent will in fact be able to respond effectively to spills either from the pipeline itself, or from tankers transporting heavy oil from the proposed terminal.

The Proponent has also not met the requirements for First Nation's participation. Governments in Canada have a duty to consult and accommodate First Nations, and British Columbia is committed to meeting this test. British Columbia has developed a set of tools to help First Nations to partner with industry and participate in economic development. These agreements help to create certainty for development that benefits all British Columbians. British Columbia remains committed to this approach.

British Columbia will shoulder 100 percent of the risk in the marine environment and a significant proportion of the risk on the land should a spill event occur. The Proponent's proposed economic benefits to British Columbia, does not reflect the level, degree and nature of the potential risk borne by the province, the environment and taxpayers.

## V CONCLUSION:

In order to fully address the five requirements the Proponent, British Columbia, Alberta, and Canada must work collaboratively. Work is already underway within various levels of government with respect to required regulations, world-leading marine and land spill practices, and discussions of benefits and risks.

### APPROVED BY:

Linda Beltrano, ED, OGD

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Ines Piccinino, A/ADM, OGD

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Steve Carr, DM

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## MINISTRY OF NATURAL GAS DEVELOPMENT

### BRIEFING NOTE FOR INFORMATION

**I PREPARED FOR:** Honourable Rich Coleman, Minister of Natural Gas Development

**II ISSUE:** Haisla Nation (Haisla) Chief Councilor Ellis Ross to meet with Minister Coleman on Monday, July 8, 2013.

### III BACKGROUND

#### Impacts to the Kitimat Airshed and GHG Emissions

- The Ministry of Environment is leading work to evaluate the Kitimat airshed and GHG effects of a variety of technological and LNG build-out scenarios that encompass the current development expectations in the Kitimat area.

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- As a result, the Province established the Kitimat LNG Airshed & GHG Emissions Assessment Project in partnership with the Gitga'at and CFN.
- In June 2013, the Province hosted an Air Emissions Cumulative Effect Assessment Workshop. Participants included provincial staff, Gitga'at, CFN, Haisla and qualified professionals in the field.
- The workshop identified baseline monitoring and modeling requirements for the Kitimat airshed. Next steps will be to present this work to LNG proponents.

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Similar discussions will also occur with other LNG proponents in the Kitimat area.

#### LNG Power Infrastructure

- The Government of BC and BC Hydro are in negotiations with LNG proponents about their energy needs and contributions to support the required infrastructure for electric load interconnections. LNG plants will require firm power and a high level of reliability.
- In November 2012, the Province announced that it would extend the submission due date for BC Hydro's Integrated Resource Plan (IRP) from December 3, 2012 to August 3, 2013, to allow time for discussion with LNG proponents to better understand their needs.
- The IRP is a 20-year plan of how BC Hydro will meet future electricity demand.

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#### Haisla Land

- In September 2012, the Province and Haisla signed the Haisla Framework Agreement (HFA). The HFA is a term sheet for a purchase or lease agreement covering approximately 800

hectares of land adjacent to Indian Reserve #6 (IR#6), intended to support the LNG plant to be built on IR#6.

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#### **IV DISCUSSION**

##### **Impacts to the Kitimat Airshed and GHG Emissions**

- The Province is working closely with First Nations, including Haisla, and industry to ensure emissions from industrial operations, including LNG development, and the cumulative impacts to the airshed are managed so that the highest environmental standards continue to be met.
- The Emissions Cumulative Effects Assessment Workshop held in June 2013 will help inform provincial policy decisions and the environmental assessment process as well as decisions on permits associated with LNG, while ensuring that we have the cleanest facilities in the world.

##### **Kitselas AiP lands (treaty) and Haisla overlap**

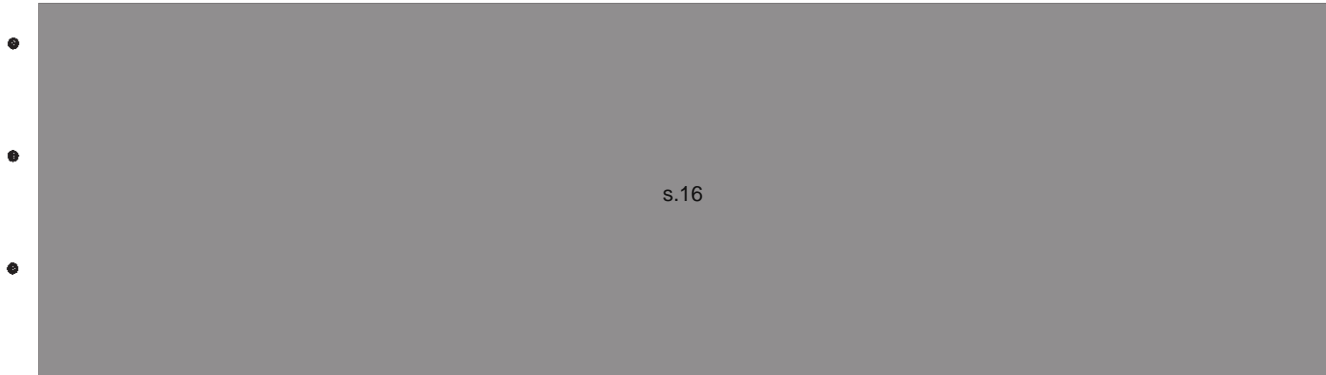
- Haisla claims that about 1000 ha of proposed treaty lands for Kitselas are in Haisla territory.
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#### **V CONCLUSION**

- Chief Ross is expected to provide the Minister with an update on LNG projects in Haisla territory and might raise airshed quality issues and GHG emissions in the Douglas Channel.
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**REVIEWED BY:**  
**Brian Hansen, ADM ✓**

**APPROVED BY:**  
**Steve Carr, DM\_\_**

**MINISTRY OF NATURAL GAS DEVELOPMENT**

**BRIEFING NOTE FOR INFORMATION**

**I PREPARED FOR:** Honourable Rich Coleman, Minister of Natural Gas Development

**II ISSUE:** Meeting with Mr. Greg Roder, Executive Vice President of Corporate Strategy and Planning, Woodside Petroleum Limited.

**III BACKGROUND:**

**Woodside Petroleum Limited (Woodside)**

- Woodside is Australia's largest independent dedicated oil and gas company. It is a public company listed on the Australian Securities Exchange and has its headquarters in Perth, Western Australia.
- The company was recently ranked by Platts in the top 14 companies in oil and gas exploration and production globally. As of March 11, 2013, Woodside had a market capitalisation of \$31.81 billion.
- Woodside is currently the world's largest non-government controlled liquefied natural gas (LNG) producer, with more than 20 years experience in LNG project development, operations and marketing.
- The company currently operates two LNG facilities in Australia: the North West Shelf gas project and the flagship Pluto LNG project. The North West Shelf gas project has five LNG trains, delivering about 16.3 million tonnes a year, and is Western Australia's largest producer of domestic gas.

**Proposed LNG Project in British Columbia (BC)**

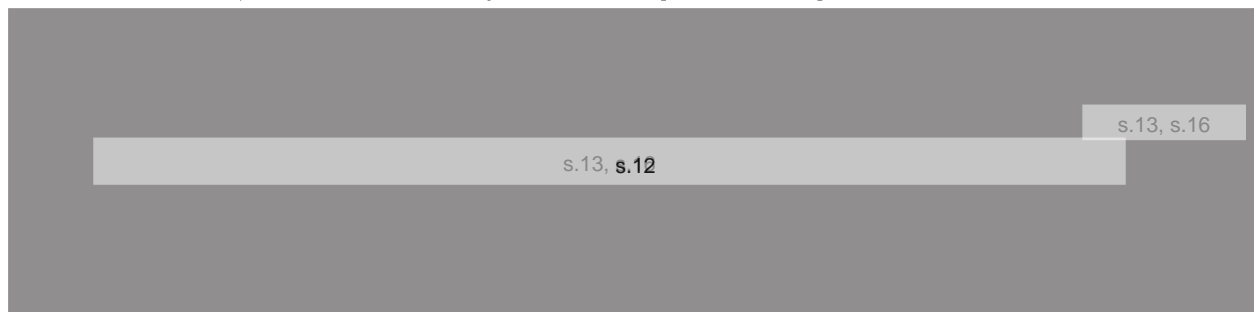
- On February 23, 2013 the BC Ministry of Forests, Lands and Natural Resources Operations (MFLNRO), in partnership with the BC Ministry of Natural Gas Development (MNGD), issued a Request for Expression of Interest for Crown land tenure on Grassy Point (REOI) near Prince Rupert for the purpose of developing an LNG plant and marine export terminal. Woodside submitted a proposal and was chosen as one of the pre-qualified proponents.



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#### IV DISCUSSION:

Woodside may raise the following issues during the meeting:

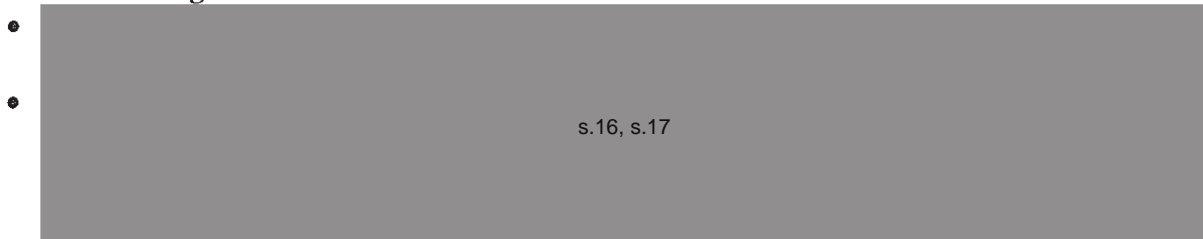


##### **Regional Infrastructure Development**

- With a number of LNG projects proposed in the greater Prince Rupert area, it is anticipated that extensive regional infrastructure will require meeting additional demands, particularly during the construction phase. Improving roads, pipeline and utility infrastructure will be required for proposed projects to be executed and operate safely and efficiently over the long term.
- The MNGD is working with key stakeholders and industrial proponents throughout the land use planning process for Prince Rupert to accommodate current and planned industrial developments in the area.

##### **First Nations Engagement**

- Grassy Point is in an area of interest of several Tsimshian First Nations
- Parallel to the REOI process, the Ministry of Aboriginal Relations and Reconciliation is undertaking consultation with area First Nations.



#### V CONCLUSION:

- The Province is pleased that Woodside is in the planning process for a LNG project in BC, and extends commitment to work closely with them on all aspects of their development.

**REVIEWED BY:**  
Brian Hansen, ADM✓

**APPROVED BY:**  
Steve Carr, DM ✓

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## MINISTRY OF NATURAL GAS DEVELOPMENT

### BRIEFING NOTE FOR INFORMATION

**I PREPARED FOR:** Honourable Rich Coleman, Minister of Natural Gas Development

**II ISSUE:** Meeting with BG Group, David Keane and Adam Johnson on June 26, 2013

### **III BACKGROUND:**

#### **BG Group's Proposed LNG Facility in BC**

BG Group is planning a natural gas liquefaction facility and export terminal on Ridley Island, Prince Rupert. The LNG project name is Prince Rupert LNG. BG Group has a 200-acre section of land on the Ridley industrial development site, owned by the Prince Rupert Port Authority. The project description for Prince Rupert LNG was filed with the BC Environmental Assessment Office (EAO) in April 2013. [REDACTED] s.21

[REDACTED] s.21

[REDACTED] s.21, s.17

Spectra Energy Corporation (Spectra) was selected as the pipeline proponent to supply natural gas to the facility. Spectra and BG Group will jointly fund and build an 850-kilometre pipeline from northeast BC to the Prince Rupert area [REDACTED] s.21

[REDACTED] s.21 The project description for the proposed pipeline was filed with the BC EAO in October, 2012.

### **IV DISCUSSION:**

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[REDACTED] s.12, s.16, s.21

BG Group could be reminded that BC intends to be the most competitive LNG regime globally when compared to similar jurisdictions, and on an all-in government take basis.

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BC Hydro's CEO has sent letters to all proponents expressing BC Hydro's strong interest in working closely with LNG proponents to meet their energy loads.

Brian Hansen, ADM and Chief Negotiator for LNG Initiatives, was introduced to Sir John Grant, Executive Vice President for Policy and Corporate Affairs at the BG Group. Sir Grant is planning a visit to BC later this year that could potentially warrant a meeting with the Minister and/or the Premier.

**REVIEWED BY:**

Brian Hansen, ADM

**APPROVED BY:**

Steve Carr, Deputy Minister ✓



**MINISTRY OF NATURAL GAS DEVELOPMENT  
BRIEFING NOTE FOR INFORMATION**

**I PREPARED FOR:** Honourable Christy Clark, Premier

**II ISSUE:** Meeting with Tan Sri Dato' Shamsul Azhar Abbas PETRONAS' President and Chief Executive Officer, Datuk Manharlal Ratilal, Executive Vice President, Finance, PETRONAS; Datuk Anuar Ahmad, Executive Vice President, Gas and Power Business, PETRONAS; Mike Culbert, President and CEO of Progress Energy Canada, and Greg Kist, President of Pacific Northwest LNG.

**III BACKGROUND:**

- PETRONAS Limited has operations in more than 30 countries, ranks the 86<sup>th</sup> largest in the world and is the 6<sup>th</sup> most profitable in oil and gas companies.
- Progress Energy Canada Ltd is a Calgary-based, wholly owned subsidiary of PETRONAS focused on natural gas exploration, development and production in northeast British Columbia (BC) and northwest Alberta.
- In partnership with Japan Petroleum Exploration Co., Ltd., PETRONAS/Progress (the Proponents) are proposing to construct and operate an LNG export facility, the Pacific North West LNG Project (PNW), on Lelu Island, near Prince Rupert.
- The Project triggers provincial and federal Environmental Assessments. On April 8, 2013 PNW entered the Canadian Environmental Assessment process. It has yet to enter the provincial EA process.
- TransCanada's Prince Rupert Gas Transmission Project was chosen by the Proponents to deliver natural gas to the proposed facility through a 750 km pipeline and is in the pre-application stage of a provincial EA process.

• [REDACTED]

• [REDACTED]

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**IV DISCUSSION:**

**Environmental Assessment Issues**

- The proposed LNG facility triggers federal and provincial environmental assessments (EAs). The project is on federal lands and will have environment, social and economic impacts beyond federal lands. The Canadian Environmental Assessment Agency and provincial Environmental Assessment Office have agreed on a work plan for a coordinated federal/provincial EA. The Canadian Environmental Assessment Agency will be the lead organization.

[REDACTED]

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[REDACTED]

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- Ministry of Natural Gas Development and Environmental Assessment Office staff has assured the Proponents that the provincial EA process will be highly coordinated, following the federal process lead, in terms of timelines and scoping of issues. Duplication will be avoided to the greatest extent possible with the intent to focus on issues that go beyond federal lands (e.g. air emissions, liquid waste, social effects, economic components, etc.).

#### **Port Issues**

- The proposed LNG facility is located on federal lands in the Prince Rupert Port Authority area and may include associated infrastructure on adjacent Provincial Crown land and in adjacent marine areas.
- The Ministry of Natural Gas Development is leading negotiations between the provincial and federal government on a Memorandum of Understanding that establishes regulatory clarity for proposed LNG facilities in the Prince Rupert Port Authority.
- The Proponents support the Oil and Gas Commission (OGC) as the primary regulator for their proposed facility.
- Recent information indicates the federal government prefers to develop a regulation for the Port of Prince Rupert, enabling the OGC's role as a regulator.
- The regulatory model is expected to be similar to the recent federal regulation for the Kitimat LNG facility.

#### **First Nations Issues**

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#### **V CONCLUSION:**

- The province is very pleased that the Proponents are in the planning process for a LNG project in BC and working closely with officials in the Ministry of Natural Gas Development.
- The Proponents might suggest that the Premier consider a trip to Malaysia as a component of a planned trip to Asia this fall.
- We encourage the Proponents to file a project description and enter the provincial EA process as soon as possible. We will avoid duplicating the federal process to the greatest extent possible.
- We understand that the Proponents expect to file their Export Licence with the National Energy Board early next week.

#### **REVIEWED BY:**

Brian Hansen, ADM ✓

#### **APPROVED BY:**

Steve Carr, DM ✓

## **MINISTRY OF NATURAL GAS DEVELOPMENT**

### **BRIEFING NOTE FOR INFORMATION**

**I PREPARED FOR:** Honourable Rich Coleman, Minister of Natural Gas Development

**II ISSUE:** Background information for June 26, 2013 meeting with Canadian Energy Pipeline Association (CEPA) representatives, Dr. Brenda Kenny, President and CEO and Mr. Philippe Reicher, VP, External Relations.

### **III BACKGROUND:**

CEPA represents transmission pipeline companies that transport 97 percent of the oil and natural gas produced in Canada to markets throughout Canada and the United States, operating more than 125,000 kilometres of pipeline. These pipelines move approximately 1.2 billion barrels of liquid petroleum products and 5.5 trillion cubic feet of natural gas each year. Membership includes thirteen full, six technical and nine associate-member companies.

### **IV DISCUSSION:**

CEPA schedules regular meetings with Government Ministries. The upcoming meeting is to brief the Ministry of Natural Gas Development (MNGD) on CEPA's mandate and current work in British Columbia (B.C.). Specific topic items identified by CEPA include:

1. Priorities and opportunities for CEPA to support B.C.'s oil and gas objectives;
2. Review of CEPA and current work with B.C.;
  - a. Oil and gas pipelines and pipeline literacy;
  - b. Five conditions – Specifically the Land Based Spill Response (CEPA and Member involvement);
3. West Coast Market Access; and
4. Integrity First/Safety and the Environment

#### **Environment**

Regarding the Ministry of Environment's (MOE) Land Based Spill response initiative, Dr. Kenny has publicly stated that CEPA is very supportive of MOE's policy intentions and views the initiative as a positive complement to their industry's efforts in dealing with emergency responses and pipeline safety.

CEPA attended and presented at MOE's December 2012 Symposium on Land Based Spill Preparedness and Response. CEPA is participating on the BC Spill Preparedness and Response Advisory Committee and the three Working Groups: (1) Prevention / Preparedness, (2) Response Standards and (3) Environmental and Natural Resource Recovery.

The Advisory Committee and Working Groups were formed following the Symposium and in response to MOE's November 28, 2012, policy intentions paper to assist in the development of and provide input into the Province's land based spill preparedness and response regime.

#### **West Coast Market Access**

CEPA recognizes the importance and need for access to Asian markets for Canada's natural gas and oil products. Of importance are common messaging on benefits, along with fair cost effective and timely environmental review processes (federal and provincial).

CEPA's membership includes Spectra Energy and Trans Canada Pipelines who are proponents for major natural gas pipeline projects in British Columbia. Its membership also includes Enbridge Pipelines Inc., the primary proponent for the Northern Gateway project, and Kinder Morgan Canada, proponent for the Trans Mountain Pipeline expansion project. (Note: Pacific Trail Pipelines project, which will supply the proposed Kitimat LNG terminal, is currently owned/proposed by Apache Canada and Chevron Canada, neither of whom are CEPA members).

#### **Integrity First<sup>®</sup> / Safety and the Environment**

CEPA was a partner in the Canadian Natural Gas Initiative (CNGI), an outreach program that took senior industry representatives to eight cities (including Vancouver and Fort St. John in B.C.) across Canada for discussions with stakeholders on natural gas production and use. On April 11, 2013 CNGI released its "Report of the Dialogues, On Canada's Natural Gas Industry", wherein Dr. Kenny was an author. On the topic of transportation and distribution safety and integrity, CEPA's Integrity First<sup>®</sup> was highlighted.

Integrity First<sup>®</sup> is an initiative to improve pipeline safety and environmental and social performance, based on sharing best practices and applying advanced technology throughout the industry. It focuses on four key areas: prevention, emergency response, reclamation and education.

#### **V CONCLUSION:**

CEPA should continue to work collaboratively with MNGD and MOE to ensure projects, including those geared to export markets, are approved, constructed and operated in a scientifically sound and environmentally responsible manner.

#### **APPROVED BY:**

Linda Beltrano, ED, OGD  
Ines Piccinino, A/ADM, OGD  
Steve Carr, DM

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