

BRIEFING NOTE FOR INFORMATION

DATE: January 19, 2015

PREPARED FOR: Honourable John Rustad, Minister of Aboriginal Relations and Reconciliation

MEETING: Cindy Rutherford, Vice President of Corporate Relations and Land at Progress Energy

ISSUE: s.16

SUMMARY:
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- **BC is responding to First Nation concerns on issues such as cumulative effects through investing up to \$30M in the LNG ESI.**

BACKGROUND:

Progress Energy (Progress) is a Canadian energy-company with more than 700,000 acres of subsurface holdings in the Montney trend region of Northeast British Columbia. Progress is primarily focussed on natural gas production and currently produces more than 350 million cubic feet of natural gas per day in northern British Columbia and Alberta.

In December 2012, Progress was acquired by Petronas as part of Petronas' strategy to secure supply for Pacific Northwest LNG, the proposed liquefied natural gas facility on Lelu Island. Petronas has since deferred its final investment decision for Pacific Northwest LNG, but has indicated that it will continue to pursue its upstream developments through Progress.

The subsurface resources being developed by Progress include areas within the territories of several Treaty 8 First Nations, including: Halfway River First Nation (HRFN), Prophet River First Nation (PRFN), West Moberly First Nations (WMFN), and Blueberry River First Nation (BRFN).

DISCUSSION:

As Vice President of Corporate Relations and Land, Ms. Rutherford is responsible for Progress' relationship with First Nation communities that could be impacted by Progress' development.

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- British Columbia has committed up to \$30 million to the LNG Environmental Stewardship Initiative, which would work collaboratively with First Nations to develop demonstration projects that would address landscape-level issues, such as cumulative effects in the Northeast.

Halfway River
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- HRFN concluded an Oil and Gas Consultation Agreement with the Oil and Gas Commission in March 2014.

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Prophet River and West Moberly

- PRFN and WMFN are signatories to the Treaty 8 EBA, signed in 2009.
- PRFN and WMFN have no formal agreement with the OGC regarding consultation for oil and gas activities.

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- PRFN and WMFN have applied to the courts for a judicial review of the Environmental Assessment Certificate for the Site C Clean Energy Project.

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MINISTRY OF ABORIGINAL RELATIONS
AND RECONCILIATION
BRIEFING NOTE

File: 280-20

June 17, 2013
Ref. No. 31890

- I Prepared for the **INFORMATION** of Honourable John Rustad, Minister
- II **ISSUE:** Meeting with representatives of Pacific Northwest LNG regarding their liquefied natural gas plant and marine terminal proposal on Lelu Island
- III **BACKGROUND:**

Corporate History

Petroleum Nasional Berhad (Petronas) is the national petroleum corporation of Malaysia. Petronas was established by the Government of Malaysia in 1974 and currently has investments and operations in over 30 countries with a focus on the oil, gas and petrochemical industries.

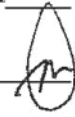
In August 2011, Petronas entered into a joint venture with Progress Energy to jointly explore the feasibility of a Liquefied Natural Gas (LNG) facility on the northwest coast of British Columbia and to share in the ownership of 150,000 hectares of gas leases in the Montney area of northeastern British Columbia. In June 2012 Petronas submitted a \$6.6B acquisition for Progress Energy, which was approved by the Government of Canada in December 2012. Pacific Northwest LNG (PNLNG) is the corporate entity promoting the LNG project.

Project Overview and Chronology

PNLNG (at the time Petronas) entered into an agreement with the Prince Rupert Port Authority (PRPA) to explore the feasibility of a LNG plant and marine terminal on Lelu Island, within the district of Port Edward on the north coast of British Columbia. The PNLNG plant and marine terminal proposal is estimated to result in a capital investment of \$9-11B. The facility would take approximately four years to build – providing 3,500 construction jobs, and 200-300 jobs while in operation.

In 2011 and 2012 PNLNG conducted initial feasibility assessments on Lelu Island, undertaking environmental and archaeological studies, assessing power supply options for the plant, and beginning initial work on their front-end engineering design.

In January 2013, TransCanada Limited was selected to build, construct and own the natural gas pipeline which would provide the natural gas feedstock to PNLNG. The pipeline would be approximately 750km long - commencing from Hudson's Hope in north-eastern British Columbia and ending at the LNG plant terminus on Lelu Island. The capital investment required for the pipeline is an estimated \$5B. (Prince Rupert Area Regional LNG map attached).

CN/ED	✓
ADM	✓
DM	

In February 2013 Petronas submitted their Canadian Environmental Assessment (CEA) application. The project review will be done in a coordinated manner with the British Columbia Environmental Assessment Office. PNLNG is expected to be under environmental review with decision expected in late 2014 or early 2015. In-service date is estimated for late 2018 or early 2019.

First Nations Engagement

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IV DISCUSSION:

Ministry staff has met with PNLNG representatives on an ongoing basis since their project was announced. PNLNG has included First Nations in their preliminary feasibility studies and has met with First Nations to provide them with an overview of their project and to hear about any concerns or issues. s.13,s.16

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V CONCLUSION:

- Ministry staff remains available to share information and advise PNLNG on its Aboriginal engagement for the Pacific Northwest LNG Project.
- Ministry staff completed initial meetings with Tsimshian First Nations regarding their support for LNG plants, which has largely been favourable.
- Ministry staff also remains available to supporting TransCanada regarding the pipeline, which will provide gas feedstock for the LNG plant.
- As part of the inter-governmental team, Ministry staff is involved in discussions with the Federal Government regarding the project's environmental assessment and review, including Aboriginal consultation requirements.

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