



OGC File: 9637895

June 7, 2013

KM LNG Operating Ltd.
1000, 700 – 9th Ave SW
Calgary, Alberta T2P 3V4

Attention: Surface Land Administrator

Re: Storage Site - Section 14 over Crown Land, Range 4 Coast District
within units 29 and 30, block J, 103-H-15.

Date of Issuance: June 7, 2013
Commission File No: 9637895
Applicant File No: KM-0017

PERMISSIONS

The Oil and Gas Commission ("Commission") hereby authorizes the holder of permit number 9637895, under section 14 of the *Land Act*, to allow KM LNG Operating Ltd. (the "permit holder") to occupy Crown land within the areas described as "Storage Site" in the attached sketch plan Drawing No: J21373SK1, Revision 0, dated December 7, 2012 as submitted to the Commission in the permit application dated March 18, 2013 (hereinafter referenced together as the "Site"), to conduct appraisals, inspections, analyses, inventories, surveys or other investigations under Authorization Number 940581, subject to conditions set out below.

CONDITIONS

1. The permit holder may use and occupy the Site only for the purposes of investigating the site for potential oil and gas activities and related activities as those terms are defined in the *Oil and Gas Activities Act*.
2. The total disturbance within the Site must not exceed 9.49Ha.
3. The permit holder will indemnify the Province of British Columbia (the Province) and the Oil and Gas Commission against all losses, damages, costs and liabilities arising out of any breach or non-performance of any condition or agreement set out in this Permit and any personal injury, death or property damage occurring within the Site, or happening by virtue of its occupation of the Site, and the amount of such losses, damages and costs shall be payable to the Province or the Oil and Gas Commission immediately.
4. The permit holder will immediately effect, and keep in force while this Permit is in effect, insurance of an amount not less than \$1,000,000 protecting the Province, the Commission and the permit holder (without any rights of cross-claim or subrogation) against claims for personal injury, death, property damage, or third party or public liability claims arising from any accident or occurrence on the Site.

5. The permit holder will restore the site to the satisfaction of the Oil and Gas Commission following expiration or cancellation of this Permit.
6. The authorization to occupy and use Crown land does not entitle the permit holder to exclusive possession of the Site. The permit holder will not interfere with any person found on the Site who has a public right of access over the Site or is using the Site pursuant to a prior or subsequent Land Act disposition.
7. The rights granted by this permit are subject to all subsisting grants to or rights of any person made or acquired under the Coal Act, Forest Act, Mineral Tenure Act, Petroleum and Natural Gas Act, Range Act, Water Act or Wildlife Act, or any extension or renewal of the same, any prior dispositions made under the Land Act, and the exceptions and reservations of rights and interests under Section 50 of the Land Act.
8. The permit holder will acknowledge and agree that any interference with rights granted under this permit by virtue of the exercise or operation of the rights or interests set out in the Sections (6) or (7) above shall not constitute a breach of the Province's or the Commission's obligations under this permit and the permit holder will release and discharge the Province and/or the Commission from any claim for loss or damage arising directly or indirectly out of any such interference. The permit holder will also agree to pay all costs and expenses that arise out of the permit holder's interference with the rights or interests set out in Sections (6) or (7) and that the permit holder will not commence or maintain proceedings under Section 65 of the Land Act with respect to interference with the permit holder's rights arising out of exercise or operation of the rights set out in Sections (6) or (7).
9. The permit holder must pay to the Province, when due, the Fees to the address and in accordance with the instructions set out in the attached covering letter.
10. The permit holder must not assign or sub-tenure this Permit. The permit holder must not transfer this permit without the Commission's written consent, which consent may be granted or withheld at the Commission's sole discretion.
11. This permit expires two years from the date of issuance.
12. The permit holder must notify the Commission 48 hours prior to commencing activities under this permit.
13. An Archaeological Impact Assessment ("AIA") report is required and must be submitted to the Commission as per the BC Oil and Gas Commission Archaeology Process Guidelines.
14. The operator must adhere to the terms and conditions for the alteration of archaeology site FITe-33 as detailed in permit 2013-9006 issued under section 12 of the Heritage Conservation Act.
15. Within 60 days of the completion of the clearing phase of the activity authorized, the permit holder must submit to the Commission a Post-construction plan as an ePASS shape file accurately identifying the locations of the overall disturbance within the Site.
16. The permit holder must abide by and comply with all applicable laws, bylaws, orders, directions, ordinances, and regulations of any government authority having jurisdiction in any way affecting its use or occupation of the Site, including, without limitation, the provisions of the *Land Act* and the provisions of this Permit.

CUTTING PERMIT AUTHORIZATION


Pursuant to section 47.4 of the *Forest Act*, the Commission hereby issues Cutting Permit No. 8, under Master License to Cut number M02304, Peace River Forest District, to cut and remove timber from the areas of Crown land within the area within the Site subject to the following conditions:

1. This Cutting Permit expires 2 years from the date of issuance of the Investigative Permit or the revised date should this permit be extended.
2. This Cutting Permit is subject to the terms and conditions in the Master Licence to Cut.
3. All harvested Crown timber must be marked with Timber Mark Number MSZ 792.
4. The felling, bucking and utilization specifications in the Master License to Cut apply to this Cutting Permit.
5. Stumpage under this cutting permit is required to be paid to the Crown and will be determined with the Ministry of Forests Interior Appraisal Manual.
6. Timber that is stored in decks or piles must be marked with the correct timber mark before transportation, or at the end of every shift. The marking must be applied to one end of at least 10% of the timber pieces in each deck or pile using a hammer indentation or paint. Marking must be kept concurrent with decking.
7. In accordance with the Master Licence to Cut referenced above, "Within 60 days of completing operations on a cutting permit, the Licensee shall submit to the Commission a map showing all disturbances that have occurred pursuant to that Cutting Permit, at a scale of 1:20,000 or 1:50,000."
8. The utilization of merchantable timber, as defined in the Provincial Logging and Waste Measurements Procedures Manual, is mandatory for this permit.
9. Prior to harvesting, any clearing authorized by this Cutting Permit must be clearly defined on the ground by ribboning or blazing.
10. This permit authorizes a maximum total new cut area of 8.72Ha within the Site.

ADDITIONAL CONDITIONS

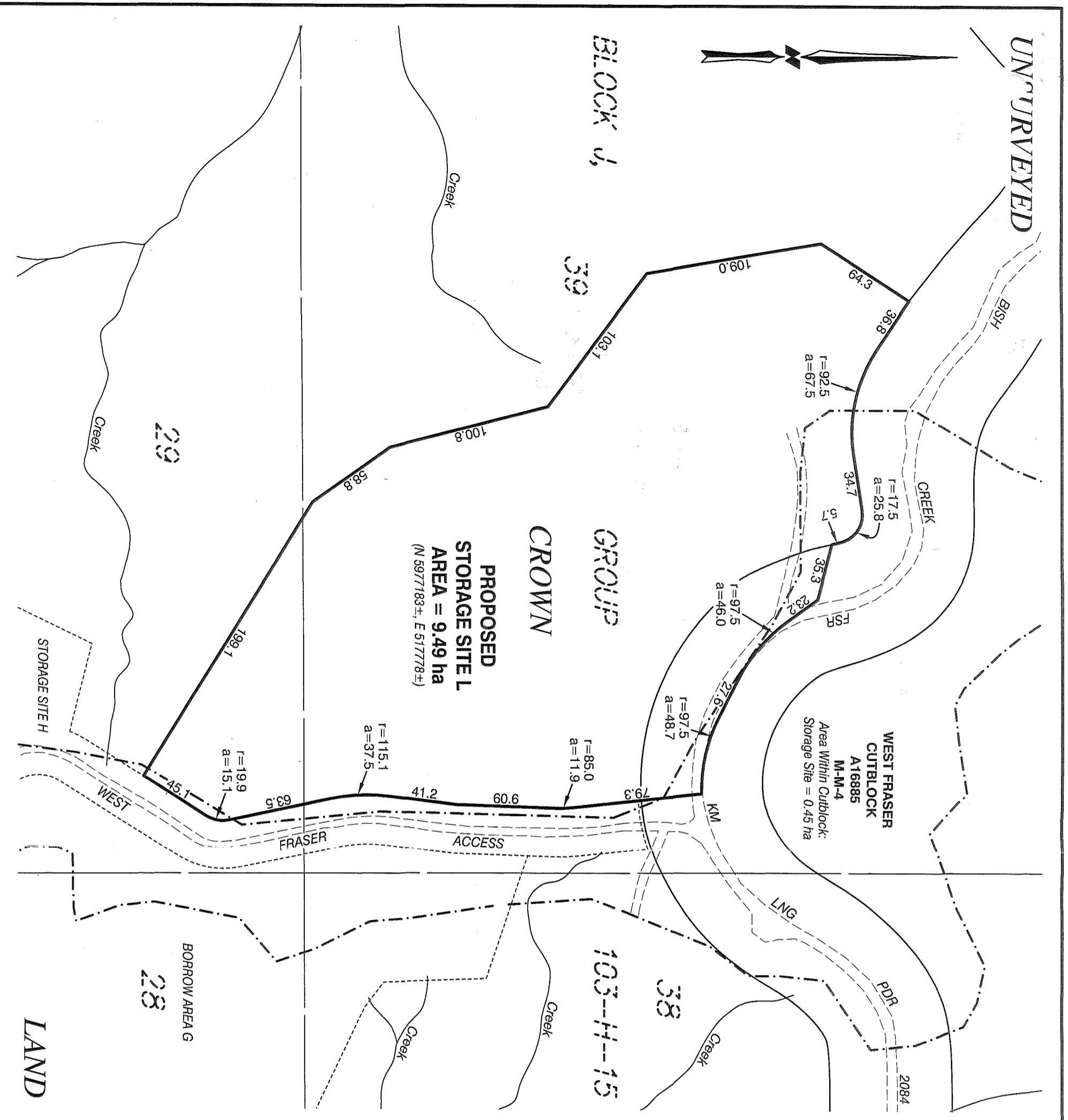
1. Construction and operation of Site must not restrict public and/or industrial access along the Bish Road.

The attached plan(s) form an integral part of this authorization.



Ryan Stark
Natural Resource Officer

pc: FLNRO – Kalum Office
pc: Haisla Nation



**SKETCH PLAN SHOWING
PROPOSED STORAGE SITE
WITHIN UNITS 29 AND 39
BLOCK J, GROUP 103-H-15
UNSURVEYED CROWN LAND
RANGE 4, COAST DISTRICT**

BCGS 103H . 097

SCALE 1:2500



KM LNG OPERATING LTD.

AREAS (MAXIMUM DISTURBANCE):

NEW CUT	EXISTING CLEARING	TOTAL
STORAGE SITE = 8.72 ha	0.77 ha	9.49 ha
TOTAL DISTURBANCE = 8.72 ha	0.77 ha	9.49 ha

ALL DIMENSIONS ARE IN METRES AND DECIMALS THEREOF.
ALL COORDINATES SHOWN ARE FOR THE CENTROID
SHOWN IN NAD 83 (CSRS) UTM ZONE 9.

LEGEND:

Cutblock Boundary shown thus : - - - - -

REVISION	0	DESCRIPTION	ORIGINAL PLAN PREPARED	DD/MM/YY	07/12/12
DRAWING:	J21373SK1	EPASS:	10040969	JOB:	3111-21373
DRAWN BY:	NMA	McELHANNNEY GEOMATICS			
PARTY CHIEF:		Professional Land Surveying Ltd. 8808 - 72nd Street Fort St. John, British Columbia Phone:(250)787-0366 Fax:(250)787-0310			
CHECKED BY:	EH	McElhannney			
REVISION:	0				

9637895



June 7, 2013

Section 12 Site Alteration Permit Number: 2013-9006
OGC Reference Number: 9637895
OGC Section 12 File Number: 9638097
Archaeological Consultant's HCA Section 14 Permit: 2011-0295

Heritage Conservation Act

Section 12 Site Alteration Permit

This certifies that KM LNG Operating Ltd. is hereby authorized to construct a storage site within the archaeology site described below, subject to the terms and conditions attached hereto.

Alteration to the archaeological site assigned Borden number FITE-33 may occur as the result of the construction of Storage Area L within units 29 and 39, Block J, Group 103-H-15.

All work is to conform to the "Application for Alteration Permit" dated April 5, 2013 and Special Terms and Conditions attached hereto.

Disposition of materials collected go to:

Kitimat Museum and Archives
239 City Centre
Kitimat Canada BC V8C 1T6

Issued: June 7, 2013

Expiry: December 31, 2013

Commissioner of the Oil and Gas Commission

Per:


Lori Phillips
Cultural Heritage Resource Officer

SPECIAL TERMS AND CONDITIONS

Section 12, Heritage Conservation Act Permit 2013-9006 For Site FITE-33

- 1) If a previously undiscovered CMT is identified within FITE-33 boundary, KM LNG Operating Ltd. will ensure that a qualified archaeologist record all characteristics of the CMT(s) according to the Archaeology Branch 2001 CMT recording guide and provide digital photos and UTM coordinates to Haisla Nation Council and the Oil and Gas Commission. This recording and notification must be conducted prior to any alteration of a newly discovered CMT.
- 2) A qualified archaeologist must monitor all construction activities in the vicinity of archaeology site FITE-33.
- 3) A report detailing the post construction observations of the final alteration level of FITE-33 must be submitted by the attending archaeology company to Haisla Nation Council, the Oil and Gas Commission, and to the Archaeology Branch, Ministry of Forests, Lands and Natural Resource Operations no later than March 31, 2014.
- 4) If archaeological resources other than CMTs are discovered during the construction of Storage area A, KM LNG Operating Ltd must cease work, notify the Oil and Gas Commission and the Archaeology Branch and allow recording of all data pertaining to the recovery of the site as directed by the Commission or the Archaeology Branch.
- 5) The attending archaeology company must submit to the Oil and Gas Commission and to the Archaeology Branch, Ministry of Forests, Lands and Natural Resource Operations an updated Site Inventory Form detailing the extent to which the site has been altered.