



July 11, 2013

KM LNG Operating Ltd.
Suite 2800, 421 – 7th Ave SW
Calgary, Alberta, T2P 4K9

Attention: Surface Land Administrator

RE: Road Permit

Road Location: From c-21-K/103-H-15 to a-32-K/103-H-15

From: UTM Zone 9 Northing 5976667 Easting 515759; To: UTM Zone 9 Northing 5977512 Easting 585283

Date of Issuance: July 11, 2013

Road Permit No.: 2561

OGC File No: 9638053

PERMISSIONS

1. The BC Oil and Gas Commission ("the Commission"), under section 25 (1) of the *Oil and Gas Activities Act* hereby Permits the holder to construct and maintain an oil and gas road, subject to the following conditions:
 - a. The authorization granted under this Permit is limited to the area described in construction plan, drawing number J21542SK1, job number 3111-21542, revision 0, dated March 8, 2013, completed by McElhanney Geomatics, as submitted to the Commission in the Permit application dated March 27, 2013.
 - b. The Permit holder will install all bridges and culverts in accordance with section 6 of the Oil and Gas Road Regulations. A variance maybe granted, if section 6 (1)(a) cannot be adhered to.
 - c. The permission to construct an oil and gas road is deemed spent upon the submission of the report describing the location of the constructed road (section 11 OGRR). Any future modifications to the oil and gas road will require an amendment. The permission to maintain the oil and gas road remains in good standing.
2. A preliminary field reconnaissance report is required and must be submitted to the Commission as per the BC Oil and Gas Commission Archaeology Process Guidelines.
3. If artifacts, materials or other thing protected under section 13(2) of the *Heritage Conservation Act* are noted during any phase of ground-disturbing activities, the Permit holder must:
 - a. immediately cease all work in the vicinity of these artifacts, features, materials or things, and
 - b. as soon as practicable, contact the Commission;
unless the Permit holder holds a Permit under section 12 of the *Heritage Conservation Act* in respect of that artifact, material or thing.
4. The permit holder will notify Haisla Nation office prior to the commencement of project.

ADVISORY GUIDANCE

1. In accordance with section 32(1&2) of the *Oil and Gas Activities Act* and subject to section 8 of the General Regulation, this Road Permit expires two years from the date of issuance if the Road Permit holder has not begun the construction of the road as permitted. Subject to section 32(2) of OGAA the Permit holder may apply for an extension of the prescribed period.

2. As required under section 4 of the Oil and Gas Road Regulation the Permit holder must notify the Commission, affected landowners and affected rights holders of the construction of an oil and gas road not more than 30 days and not less than 72 hours before beginning construction or as soon as practicable if construction must be carried out as expeditiously to address an environmental or operational emergency. The notice requirements are described in section 4(2) of the OGRR.
3. As required under section 11 of the OGRR, within 60 days of completion of the construction this oil and gas road, the Road Permit holder must submit to the Commission a report in the form and manner specified by the Commission, describing the location of the constructed road.
4. In accordance with section 16 of the OGRR, a Road Permit holder may not (a) close the oil and gas road, or (b) restrict the use of the road by the Permit holder or other person, except as provided under section 20 Oil and Gas Road Regulation or to the extent necessary to carry out maintenance on the road as required under this legislation.
5. In accordance with section 23 of the OGRR, a Road Permit holder who intends to deactivate an oil and gas road must provide written notice of the intention to users of the road known to the Road Permit holder, any applicable landowner and the Commission. Notice requirements and timelines are described in section 23(2&3).

AUTHORIZATIONS ASSOCIATED WITH THE PERMIT

Works Permit under section 14 of the *Land Act*

1. The Oil and Gas Commission, hereby authorizes the holder of Permit number 9638053 the following works Permit under section 14 of the *Land Act*, to occupy and use Crown land for the purpose of constructing, maintaining and operating a road containing 8.88 ha, under Authorization Number 940729, subject to the following:
 - a. The authorization to occupy and use Crown land does not entitle the Permit holder to exclusive possession of the area. The Permit holder will not interfere with the activities of another person entering on and using the area under a prior or subsequent *Land Act* disposition.
 - b. 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*.
 - c. 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 sections (2a) or (2b) 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 (2a) or (2b) 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 (2a) or (2b).
 - d. The Permit holder will immediately effect, and keep in force while occupying the site, 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 person injury, death, property damage, or third party liability claims arising from any accident or occurrence on the site.
 - e. The Permit holder must pay, when due, the Fees to the address set out in the attached covering letter.
 - f. The Permit holder must not assign, sublicense or transfer the Permit without the Commission's written consent.
 - g. This Permit is valid until August 14, 2013, unless cancelled or surrendered.

Cutting Permit under Master Licence to Cut under section 47.4 of the *Forest Act*

1. The Commission hereby issues the Permit holder Cutting Permit No. 11 under Master Licence to Cut number M02304, subject to the following conditions:

- a. This Cutting Permit is subject to the terms and conditions in the Master Licence to Cut.
- b. This Cutting Permit applies to only the Crown land portion shown on construction plan associated with this Long-Term All Weather Road (construction plan, drawing number J21542SK1, job number 3111-21542, revision 0, dated March 8, 2013, completed by McElhanney Geomatics, as submitted to the Commission in the Permit application dated March 27, 2013).
- c. All harvested Crown timber must be marked with Timber Mark Number MSZ 829.
- d. This Cutting Permit expires upon the submission of the "As-Cleared" plan or upon the cancellation of the Road Permit if the activity permitted has not begun within the prescribed period.
- e. This Cutting Permit is subject to and must abide by the Interior merchantable timber specifications as described in Appendix A of your Master License to Cut.
- f. 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.
- g. 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.
- h. 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".
- i. All merchantable timber under this Permit must be utilized and all volume utilized must be reported to the Commission within 60 days of completion of the clearing phase of the activity.



Viva Wolf
Authorized Signatory
Commission Delegated Decision Maker

pc. Scott Land and Lease Ltd.
OGC File: 9638053
Haisla Nation
MoFLNRO, Kalum

