



OGC File: 9639521

April 24, 2014

KM LNG Operating Ltd.
500 Fifth Avenue SW
Calgary, Alberta T2P 4K9

Attention: Surface Land Administrator

Re: Storage Site Permit- Section 14 over Crown Land, Range 4 Coast District
within Unit 22, Block K 103-H-15.

Date of Issuance: April 24, 2014
Commission File No: 9639521
Applicant File No: KM-0022

PERMISSIONS

The Oil and Gas Commission ("Commission") hereby authorizes the holder of permit number 9639521, 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 Document No: JOB: 3111-21694, DRAWING: J21694SK2, Revision 1, dated December 19, 2013 as submitted to the Commission in the permit application dated January 10, 2014 (hereinafter referenced together as the "Site"), to construct and operate a Storage Site under Authorization Number 943239, subject to conditions set out below.

CONDITIONS

1. The permit holder may use and occupy the Site for the purposes of constructing and operating a storage site for potential oil and gas activities and related activities as defined in the Oil and Gas Activities Act.
2. The total disturbance within the Site must not exceed 8.08 Ha.
3. The permit holder will indemnify the Province of British Columbia (the Province) and the 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 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 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 prior to commencing activities under this permit. Notification may be sent to C&E@bcogc.ca.
13. Archaeology site FITE-16 must be avoided by construction crews. The archaeology site has been flagged in the field with No Work Zone ribbon and is located 15m east of the proposed development boundary.
14. If artifacts, materials or things protected under section 13(2) of the Heritage Conservation Act are identified the permit holder must, unless the permit holder holds a permit under section 12 of the Heritage Conservation Act in respect of that artifact, feature, material or thing:
 - a. immediately cease all work in the vicinity of the artifacts, features, materials or things;
 - b. immediately notify the Archaeology Branch of the Ministry of Forests, Lands and Natural Resource Operations and the Commission; and
 - c. refrain from resuming work in the vicinity of the artifacts, features, materials or things except in accordance with an appropriate mitigation plan that has been prepared in accordance the Heritage Conservation Act, endorsed by a qualified archaeologist, and approved by the Archaeology Branch.
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. 15, under Master License to Cut number M02304, Kalum 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 MTA 452.
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. All merchantable timber under this permit must be utilized and all volumes utilized must be reported to the Oil and Gas Commission within 60 days of completion of the clearing phase of the activity.
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 8.08 Ha within the investigative area.

ADDITIONAL CONDITIONS

1. The Permit holder must notify the Haisla Nation office prior to commencement of activities.

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



Justin Anderson
Natural Resource Officer

pc: Haisla Nation
pc: Scott Land & Lease Co. Ltd.

UNSURVEYED

**SKETCH PLAN SHOWING
PROPOSED STORAGE SITE
WITHIN UNIT 22,
BLOCK K, GROUP 103-H-15
UNSURVEYED CROWN LAND
RANGE 4 COAST DISTRICT**

BCGS 103H . 097

SCALE 1:2000



KM LNG OPERATING LTD.

REFERENCE TABLE OF AREA REQUIRED			
CROWN LAND	NEW CUT	EXISTING	TOTAL
STORAGE SITE	8.08 ha	0.00 ha	8.08 ha
TOTAL =	8.08 ha	0.00 ha	8.08 ha
TOTAL DISTURBANCE = 8.08 ha			

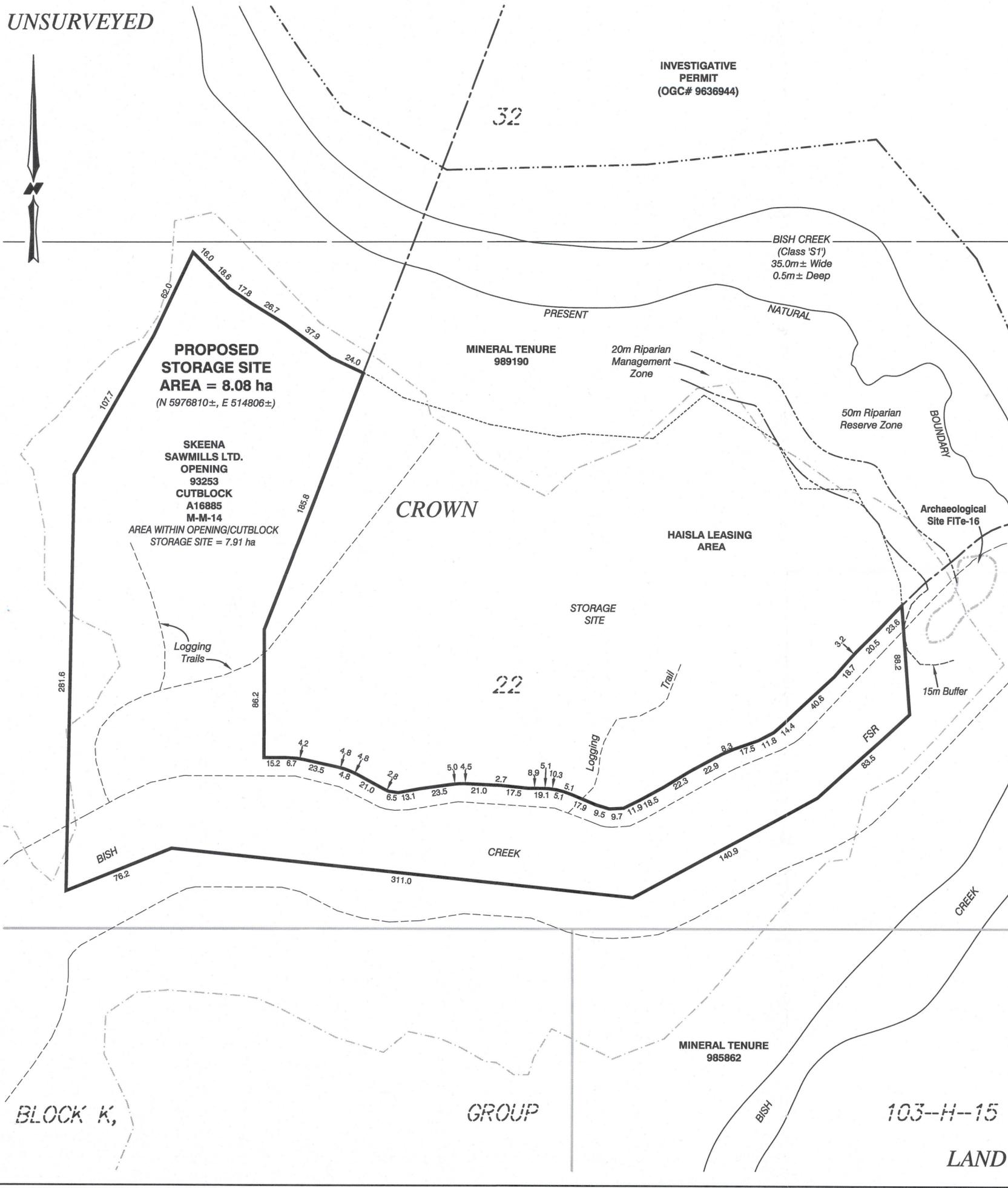
ALL DIMENSIONS ARE IN METRES AND DECIMALS THEREOF.

ALL COORDINATES SHOWN ARE FOR THE CENTROID SHOWN IN NAD 83 (CSRS) UTM ZONE 9.

LEGEND :

- Cutblock Boundary shown thus :
- Investigative Permit shown thus :
- Mineral Tenure shown thus :
- Riparian Reserve Zone shown thus :
- Riparian Management Zone shown thus :
- Haisla Leasing Boundary Area shown thus :

1	REVISED OWNER NAME	19/12/13
0	ORIGINAL PLAN PREPARED	30/10/13
REVISION	DESCRIPTION	DD/MM/YY
DRAWING: J21694SK2		JOB: 3111-21694
		EPASS:10044497
DRAWN BY : FC		McELHANNEY GEOMATICS Professional Land Surveying Ltd. 8808 - 72nd Street Fort St. John, British Columbia Phone:(250)787-0356, Fax:(250)787-0310
PARTY CHIEF :		
CHECKED BY : EH		



BLOCK K,

GROUP

103-H-15

LAND