



Commission File No: 9641738

January 23, 2015

KM LNG Operating Ltd.  
500, 5<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 0L7

Attention: Surface Land Administrator

Re: Storage Area Permit- Section 14 over Crown Land, Range 4 Coast District  
within units 21 & 22, Block K, 103-H-15.

Date of Issuance: January 23, 2015  
Commission File No: 9641738  
Applicant File No: 3111-21293/KM-0023

## PERMISSIONS

The Oil and Gas Commission ("Commission") hereby authorizes the holder of permit number 9641738, 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 area in the attached sketch plan Document No: JOB: 3111-21293, DRAWING: J21293SK2, Revision 1, dated December 19, 2014 as submitted to the Commission in the permit application dated January 7, 2015 (hereinafter referenced together as the "Site"), to construct and operate a Storage Area under Authorization Number 947286, subject to conditions set out below.

## CONDITIONS

1. The permit holder may use and occupy the Site only for the purposes of constructing and operating a Storage Area 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 3.82 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 48 hours prior to commencing construction. Notification may be sent to [C&E@bcogc.ca](mailto:C&E@bcogc.ca).
13. If artifacts, features, 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 issued by the Commission 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 Commission and the Archaeology Branch of the Ministry of Forests, Lands and Natural Resource Operations
  - 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 with the Heritage Conservation Act and approved by the Commission.
14. 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.

15. 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.

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



Lori Phillips  
Review Approval Resource Officer

pc: Haisla Nation  
pc: Scott Land and Lease

