



August 15, 2013

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

Attention: KM LNG Operating Ltd.

RE: Temporary Occupation of Crown Land – Soil Storage Permit
Soil Storage Location: Within Unit 32, Block K, 103-H-15
Date of Issuance: August 15, 2013
Commission File No: 9638052

AUTHORIZATIONS

Temporary Permit under section 14 of the *Land Act*

1. The BC Oil and Gas Commission, hereby authorizes the holder of Permit number 9638052, to temporarily occupy and use Crown land for the purpose of constructing and operating a soil storage site, under Authorization Number 940718, subject to the following:
 - a. The authorization granted under this Permit is limited to the area described as "Area 1" on construction plan number JOB: 3111-21521, drawing number J21521SK1, revision 2, dated July 16, 2013, by McElhanney Geomatics.
 - b. The prescribed period of this Permit will expire on August 15, 2015 if the Permit holder has not begun the activity Permitted under this Permit by this date.
 - c. 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 on the site or happening by virtue of the Permit holder's occupation of the site, and the amount of such losses, damages and costs shall be payable to the Province or the Commission immediately.
 - 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 personal injury, death, property damage, or third party or public liability claims arising from any accident or occurrence on the site.
 - e. 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.
 - f. 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.
 - g. 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 (c) or (d) 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 (c) or (d) 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 (c) or (d).
 - h. The Permit holder must pay; when due, the Fees to the address set out in the attached covering letter.

- i. The Permit holder must not assign, sublicense or transfer this Permit or Permit any person to use or occupy the Land, without the Commission's written consent.

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. 10 under Master Licence to Cut number M02304, subject to the following conditions:
 - a. This Cutting Permit applies to only the Crown land portion shown on the construction plan as "Area 1", "Area 2", and "Area 3", associated with this soil storage Permit (construction plan number JOB: 3111-21521, drawing number J21521SK1, revision 2, dated July 16, 2013).
 - b. All harvested Crown timber must be marked with Timber Mark Number MSZ 827.
 - c. This Cutting Permit expires on August 15, 2015.
 - d. This Cutting Permit is subject to the terms and conditions in the Master Licence to Cut.
 - e. The felling, bucking and utilization specifications in the Master License to Cut apply to this Cutting Permit.
 - f. Stumpage required to be paid under this cutting Permit will be calculated on the gross project area. The amount will be determined upon submission of final as-cleared plans to the Commission and in accordance 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. The utilization of merchantable timber, as defined in the Provincial Logging and Waste Measurements Procedures Manual, is not mandatory for this Permit.



Viva Wolf
Authorized Signatory
Commission Delegated Decision Maker

cc: Scott Land & Lease Ltd.
OGC File: 9638052
FLNRO, Kalum District



OGC File: 9638052

July 26, 2013

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

Attention: Surface Land Administrator

Re: Soil Storage Site - Section 14 over Crown Land, Range 4 Coast District
within unit 32, block K, 103-H-15.

Date of Issuance: July 26, 2013
Commission File No: 9638052
Applicant File No: KM-0018

PERMISSIONS

The Oil and Gas Commission ("Commission") hereby authorizes the holder of permit number 9638052, 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 "Soil Storage Site" in the attached sketch plan Drawing No: J21521SK1, Job No: 3111-21521, Revision 2, dated July 16, 2013 as submitted to the Commission in the permit application dated July 25, 2013 (hereinafter referenced together as the "Site"), to construct a soil storage site to be used solely by the permit holder for oil and gas construction purposes, under Authorization Number 940718, subject to conditions set out below.

CONDITIONS

1. The permit holder may use and occupy the Site only for the purpose of constructing a soil storage site to be used in the construction activities related projects permitted under the *Oil and Gas Activities Act*.
2. The total disturbance within the Site must not exceed 23.7Ha.
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 Commission following expiration or cancellation of this Permit.
 6. The permit holder will notify the Commission upon completion of final activities, including reclamation.
 7. 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.
 8. 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.
 9. 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 (7) or (8) 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 (7) or (8) 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 (7) or (8).
 10. 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.
 11. 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.
 12. This permit expires August 14, 2013.
 13. The permit holder must notify the Commission 48 hours prior to commencing activities under this permit.
 14. 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.
 15. If artifacts, materials or other things protected under section 12(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 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 with the Heritage Conservation Act, endorsed by a qualified archaeologist, and approved by the Commission.
16. 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.
17. 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.
18. Material excavated under this permit will not be produced for "sale" to or used by any party other than the permit holder.
19. The named proponent will report to the BC Oil and Gas Commission on a quarterly basis, and/or upon completion of operations, the total volume excavated to date.
20. Responsibility for and declaration of materials removed lies solely with the named proponent. In the event of a discrepancy in relation to the total volume of materials removed, the proponent shall, at the request of the Province of British Columbia (the Province) and/or the BC Oil and Gas Commission, conduct a survey by a British Columbia Land Surveyor to determine the volume of materials removed. This survey will be at the proponent's expense.
21. The total volume of material extracted from this site must be reported to the BC Oil and Gas Commission upon completion of the project.
22. The permit holder will notify the Commission upon completion of final activities, including reclamation.
23. The permit holder must not inhibit public and industrial access along permitted road R06207 C, as identified on the construction plan as BR 161. In addition, the road tenure holder must be allotted unobstructed access to the permitted road for maintenance and operations purposes.
24. The permit holder must notify Haisla Nation office prior to the commencement of the project.

CUTTING PERMIT AUTHORIZATION

Pursuant to section 47.4 of the *Forest Act*, the Commission hereby issues Cutting Permit No. 10, 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 August 14, 2013
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 827.
4. The felling, bucking and utilization specifications in the Master License to Cut apply to this Cutting Permit.

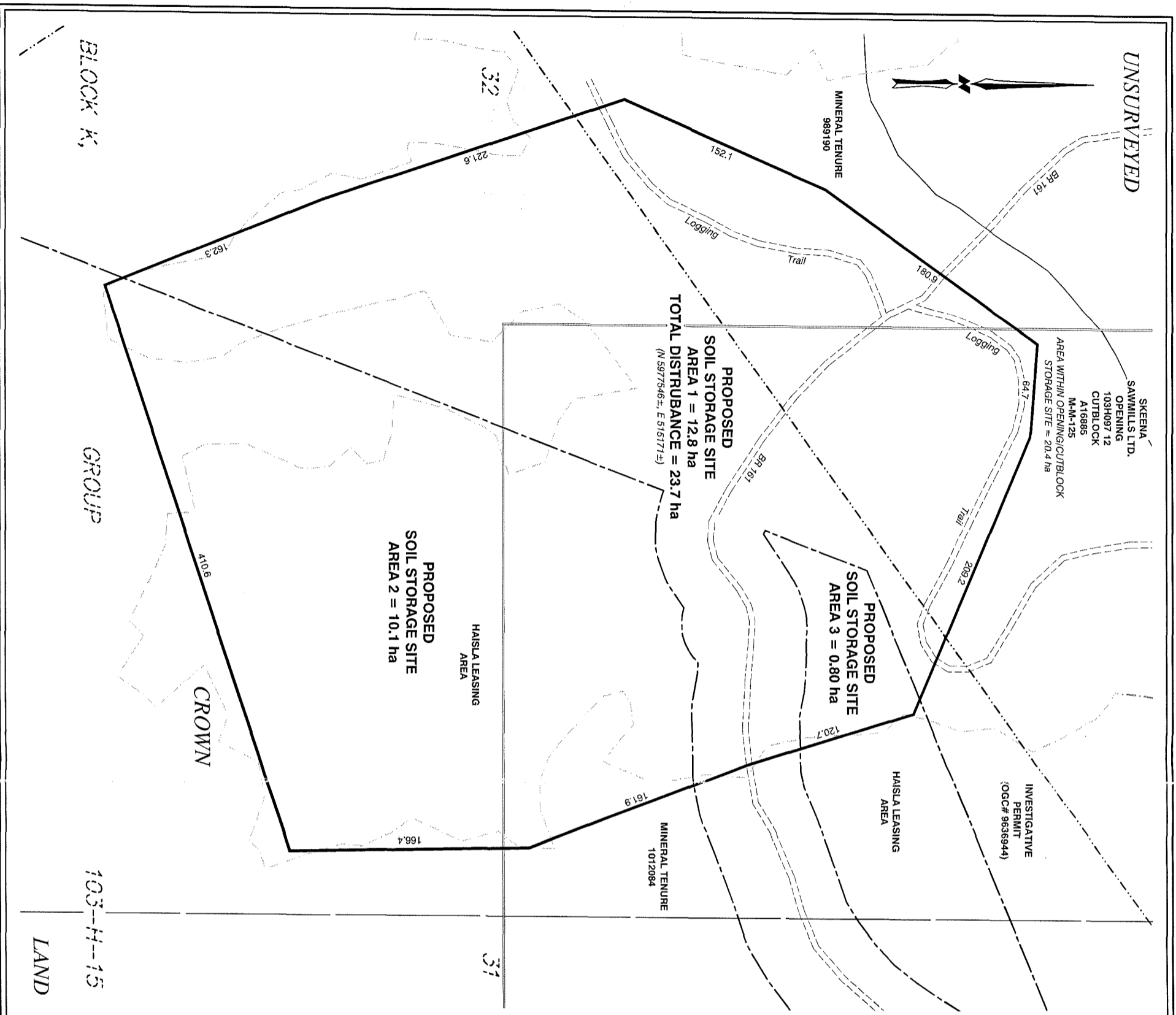
5. Stumpage under this cutting permit is required to be paid to the Crown and will be determined with the Ministry of Forests Interior Appraisal Manual.
6. Timber that is stored in decks or piles must be marked with the correct timber mark before transportation, or at the end of every shift. The marking 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 not 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 23.7Ha within the Site.

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



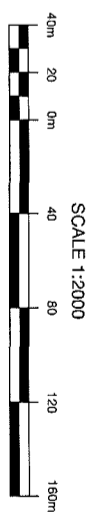
Viva Wolf
Operations Manager

pc: FLNRO – Kalum office
pc: Haisla Nation



**SKETCH PLAN SHOWING
PROPOSED SOIL STORAGE SITE
WITHIN UNIT 32, BLOCK K
GROUP 103-H-15
UNSURVEYED CROWN LAND
RANGE 4 COAST DISTRICT**

BCGS 103H . 097



KMLNG OPERATING LTD.

REFERENCE TABLE OF AREA REQUIRED			
HASLA LEASING AREA	NEW CUT/ EXISTING	TOTAL	
SOIL STORAGE SITE	10.9 ha	0.00 ha	10.9 ha
TOTAL	10.9 ha	0.00 ha	10.9 ha
CROWN LAND (Excluding Hasla Leasing Area)	NEW CUT/ EXISTING	TOTAL	
SOIL STORAGE SITE	12.8 ha	0.00 ha	12.8 ha
TOTAL	12.8 ha	0.00 ha	12.8 ha
TOTAL DISTURBANCE = 23.7 ha			

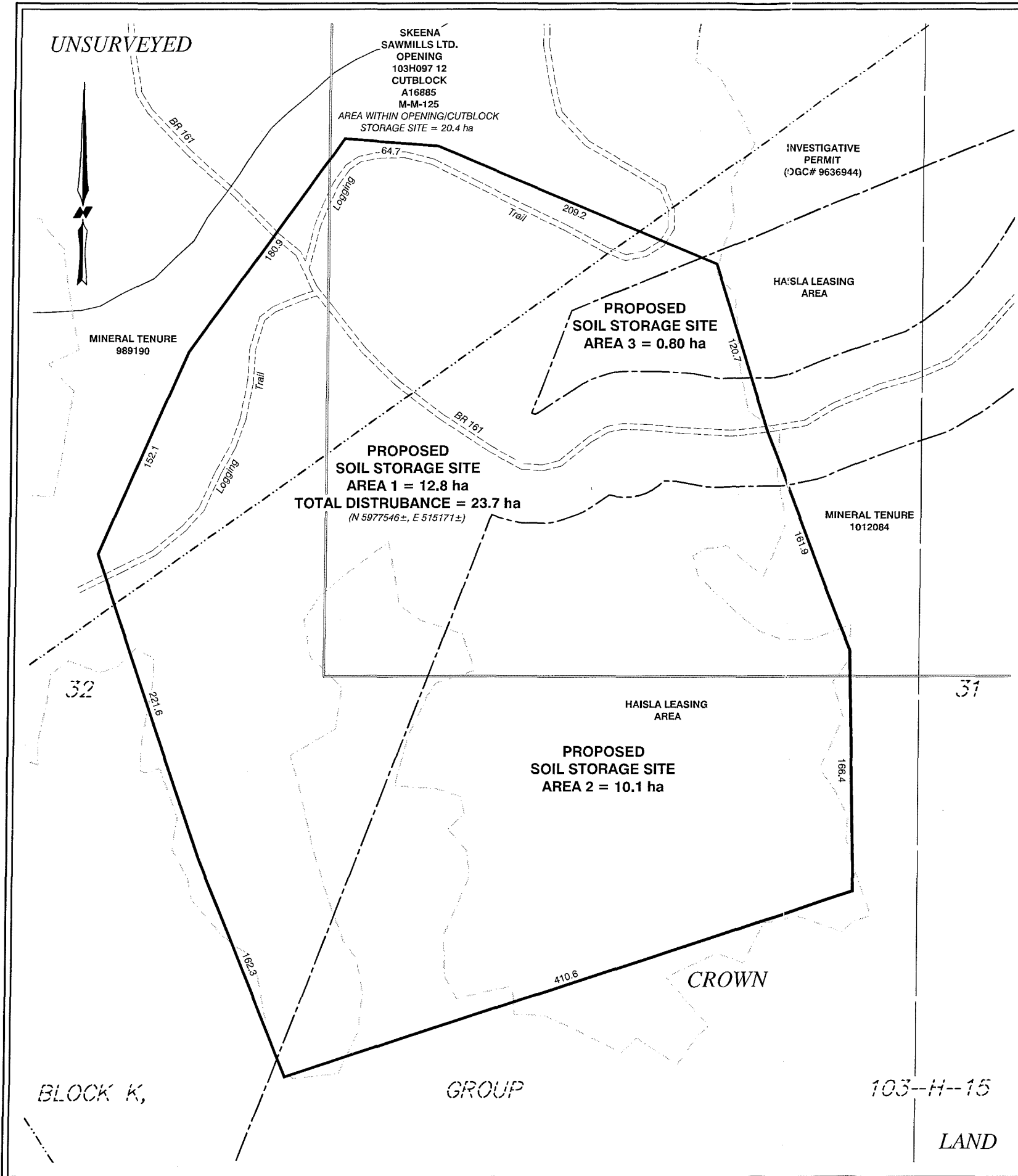
ALL DIMENSIONS ARE IN METRES AND DECIMALS THEREOF.
ALL COORDINATES SHOWN ARE FOR THE CENTROID
SHOWN IN NAD 83 (CSRS) UTM ZONE 9.

LEGEND:

- Cutblock Boundary shown thus:
- Investigative Permit shown thus:
- Mineral Tenure shown thus:
- Hasla Leasing Boundary Area shown thus:

2	CHANGED BORROW PIT INTO SOIL STORAGE SITE	16/07/13
1	ADDED HASLA LEASING BOUNDARY AND UPDATED AREA TABLE	27/05/13
0	CHANGED SOIL STORAGE SITE INTO BORROW PIT	26/02/13
0	ORIGINAL PLAN PREPARED	DD/MM/YY
DRAWING: J21521SK1		EPASS: KCC43345
DRAWN BY: ACP		McELHANNAY GEOMATICS
PARTY CHIEF:		Professional Land Surveying Ltd.
CHECKED BY: SCK		8808 - 72nd Street Fort St. John, British Columbia Phone: (250) 787-0356, Fax: (250) 787-0310
		JOB: 3111-21521

9638052



**SKETCH PLAN SHOWING
PROPOSED SOIL STORAGE SITE
WITHIN UNIT 32, BLOCK K
GROUP 103-H-15
UNSURVEYED CROWN LAND
RANGE 4 COAST DISTRICT**

BCGS 103H . 097



KM LNG OPERATING LTD.

REFERENCE TABLE OF AREA REQUIRED			
Haisla Leasing Area	NEW CUT	EXISTING	TOTAL
SOIL STORAGE SITE	10.9 ha	0.00 ha	10.9 ha
TOTAL =	10.9 ha	0.00 ha	10.9 ha
Crown Land (Excluding Haisla Leasing Area)	NEW CUT	EXISTING	TOTAL
SOIL STORAGE SITE	12.8 ha	0.00 ha	12.8 ha
TOTAL =	12.8 ha	0.00 ha	12.8 ha
TOTAL DISTURBANCE = 23.7 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 :
- Haisla Leasing Boundary Area shown thus :

2	CHANGED BORROW PIT INTO SOIL STORAGE SITE ADDED Haisla LEASING BOUNDARY AND UPDATED AREA TABLE	16/07/13
1	CHANGED SOIL STORAGE SITE INTO BORROW PIT	27/05/13
0	ORIGINAL PLAN PREPARED	26/02/13
REVISION	DESCRIPTION	DD/MM/YY
DRAWING: J21521SK1		EPASS : 10043345
DRAWN BY : ACP		McELHANNEY GEOMATICS Professional Land Surveying Ltd. 8008 - 72nd Street Fort St. John, British Columbia Phone: (250)787-0356, Fax: (250)787-0310
PARTY CHIEF :		
CHECKED BY : SCK		

9638052