

NATIONAL ENERGY BOARD

IN THE MATTER OF the *National Energy Board Act*, R.S.C, 1985, c. N-7, as amended;

AND IN THE MATTER OF an Application by LNG Canada Development Inc. for a licence pursuant to section 117 of the *National Energy Board Act* authorizing the export of liquefied natural gas.

TO: The Secretary
 National Energy Board
 444 – 7th Avenue S.W.
 Calgary, Alberta
 T2P 0X8

APPLICATION

July 27, 2012

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I. APPLICATION

1. **LNG Canada Development Inc.** (“**LNG Canada**” or “**the Applicant**”), on behalf of, Shell Canada Limited, as managing partner of Shell Canada Energy (“**Shell**”), Diamond LNG Canada Ltd. (an affiliate of Mitsubishi Corporation) (“**Mitsubishi**”), Kogas Canada LNG Ltd. (an affiliate of Korea Gas Corporation) (“**KOGAS**”), Phoenix Energy Holdings Limited (an affiliate of PetroChina Investment (Hong Kong) Limited) (“**PetroChina**”) (together the “**Project Owners**”) hereby applies to the National Energy Board (“**NEB**” or “**Board**”) pursuant to section 117 of the *National Energy Board Act* (“**NEB Act**”) for a licence authorizing the export of up to 24 million tonnes of liquefied natural gas (“**LNG**”) per year (24 MMt/y), which corresponds to a natural gas equivalent of approximately $33 \times 10^9 \text{m}^3/\text{y}$ or 1180 billion cubic feet per year (Bcf/y), for a term of 25 years (“**Licence**”).

2. The terms and conditions the Project Owners request for the Licence include:

TERM: The proposed term of the Licence is a period of 25 years commencing on the date of first export of LNG under the Licence;

EXPORT START DATE: Unless otherwise authorized by the Board, the term of this Licence shall end on December 31, 2022 if exports of LNG have not commenced on or before that date;

TERM QUANTITY: The quantity of LNG that may be exported under the Licence over its term shall not exceed 670 MMt (includes consideration for phasing and plant optimization) (natural gas equivalent of approximately $933 \times 10^9 \text{m}^3$ or 32,950 Bcf);

ANNUAL MAXIMUM: The export volume in any 12-month period shall not exceed 24 MMt (natural gas equivalent of approximately $33 \times 10^9 \text{m}^3$ or 1180 Bcf);

ANNUAL TOLERANCE: As a tolerance, the amount of LNG that may be exported in any 12-month period may exceed the annual maximum by 15 percent in order to accommodate operating variables;

EXPORT POINT: The point of exportation of the LNG from Canada shall be at the outlet of the loading arm of the natural gas liquefaction terminal (“**Export Point**”) to be located near Kitimat, British Columbia, Canada.

II. LNG CANADA PROJECT DESCRIPTION

3. The LNG Canada Project (“**LNG Canada Project**” or “**Project**”) is proposed to be constructed and operated near Kitimat, British Columbia (“**BC**”). The proposed LNG terminal will be comprised of a natural gas liquefaction plant, LNG storage, and marine loading facilities (“**LNG Terminal**”). The liquefaction component will include four separate processing units (referred to as “**trains**”) each with an annual capacity of 6 MMt. At full build out, the total capacity of the LNG Terminal would be 24 MMt/y (an

approximate natural gas equivalent of $33 \times 10^9 \text{ m}^3/\text{y}$ or 1180 Bcf/y at the outlet of the plant). Train #1 is anticipated to start up in 2019, with Train #2 following six months later.

4. The earliest Trains #3 and #4 could be commissioned is six and 12 months, respectively, after the commissioning of Train #2. The Project Owners fully intend to construct and operate the LNG Terminal to its full capacity of 24 MMt/y, recognizing that the precise scheduling of construction of the last two trains will be influenced by such considerations as construction labour efficiencies and the build-up of market demand.
5. A 15% annual tolerance has been identified to allow LNG Canada to manage variability in the quantity of LNG that could be produced at the LNG Terminal. While the anticipated nameplate capacity of each train will be approximately 6 MMt, the Project is in the front end engineering and design phase and the capacity of 6 MMt has a +/- 5% accuracy. In addition, +/- 3% has been taken into consideration for maintenance activities and +/- 7% has been added as more LNG may be produced depending on the specifications of the gas.
6. Given that the Project is in front end engineering and design, there will also be opportunities to optimize the LNG Terminal's capacity to further increase the volumes that the LNG Terminal may be able to produce on an annual basis. Therefore, a 15% optimization has been added into the term quantity, taking into consideration the phasing of the four trains, as described above.
7. Gas supply will be transported to the LNG Terminal by an approximately 700 kilometres (km) long pipeline that will be permitted, built, owned and operated by a third party pipeline company. Further information regarding transportation arrangements are detailed in Section VI.
8. Each liquefaction train in the LNG Terminal will require approximately 300 megawatts of power. The Project Owners are considering various power supply alternatives including electric drives, gas turbine power generation, or a combination thereof.

i. **LNG Canada Project Ownership**

9. The Applicant, LNG Canada Development Inc., is currently 100% owned by Shell Canada Limited. The Project Owners intend to put in place a shareholding agreement whereby each Project Owner will own shares in LNG Canada Development Inc. in proportion to their participation interest. The LNG Canada Project is currently being developed under a Joint Development Agreement ("JDA") among the Project Owners, who hold participating interests of 20% (KOGAS), 20% (Mitsubishi), 20% (PetroChina), and 40% (Shell), relative to Trains #1 and #2.
10. The JDA provides for several legally binding commitments between the Project Owners with respect to the preliminary and preparatory phases of the Project. In addition, the JDA provides an expression of the Project Owners' intentions to establish a joint venture to pursue the future development of the Project. Three key intentions of the Project

Owners in relation to undertaking the Project include: (1) the right of each Project Owner to a share of capacity in the LNG Terminal equal to its participating interest; (2) the right of each Project Owner to supply natural gas up to its capacity share of the LNG Terminal; and (3) the obligation of each Project Owner to secure its proportionate share of pipeline capacity for any natural gas supplied by such Project Owner to the Project. Each Project Owner will retain title to its share of gas and LNG up to the Export Point.

11. The Project ownership structure is an asset that will greatly benefit the LNG Canada Project and aid in the successful development and execution of the Project. All four of the Project Owners are leaders in the LNG industry with extensive experience through the full LNG value chain. Shell has been a global leader in natural gas liquefaction since 1964 and offers extensive upstream liquefaction, LNG marketing and trading experience. PetroChina, KOGAS and Mitsubishi have access to and experience in three of the largest regions of the global LNG market – China, Korea and Japan. KOGAS is the world’s largest importer of LNG and South Korea’s principal LNG provider. Mitsubishi Corporation is Japan’s largest trading company and operates in 90 countries. It has been investing in LNG since 1969 and handles approximately one half of Japan’s LNG imports. PetroChina is China’s largest oil and gas producer and supplier.

ii. **LNG Project Operating Arrangements**

12. The Project Owners are currently in the process of negotiating a joint venture agreement (“JVA”). The JVA is anticipated to reflect the same participating interests as does the JDA relative to Trains #1 and #2, and will also speak to the allocation of participating interests in Trains #3 and #4.
13. The Project Owners currently intend to establish a joint venture for the construction, ownership and operation of the Project. The operator of the LNG Terminal is expected to be either: (a) an incorporated special purpose joint venture company formed by the Project Owners in accordance with their respective participating interests in the Project; or (b) one of the Project Owners designated to act in that capacity (in either case, the “Operator”).
14. The Operator, unless otherwise agreed to, will be required to obtain the necessary approvals for the construction and operation of the LNG Terminal on behalf of all Project Owners.

III. EXPORT LICENCE APPLICATION OVERVIEW

15. LNG exported from the LNG Terminal will connect the abundant natural gas resources in the Western Canadian Sedimentary Basin (“WCSB”) and the growing worldwide demand for LNG, including in the Asia-Pacific region. The North American gas market has experienced a dramatic shift in recent years, where North American gas supply now exceeds forecasted near - and long-term demand. Increased gas production from new gas fields in the United States, such as the Barnett, Haynesville, and Marcellus plays, have significantly reduced the share of the continental gas market served by the WCSB. In

addition, unconventional gas plays in Western Canada have significantly enhanced the resources potential of the WCSB.

16. Concurrent with the dramatic increase in gas supply in North America and productive potential in the WCSB, demand for natural gas is expected to continue to increase around the world. Canada can provide a politically stable, major new supply source of LNG with ready access to investors throughout the value chain. The LNG Terminal will allow access to global markets for LNG, including the Asia-Pacific region for which the WCSB represents one of the closest and most attractive long-term supply sources.
17. The Application highlights and expands upon the following key elements:
 - the Project Owners have historically demonstrated access to LNG markets which makes them uniquely well-positioned to globally deliver gas sourced from the WCSB, as described in Section II and Appendix C;
 - the Project Owners can fulfill their gas supply requirements to the LNG Terminal through a portfolio of options, including their own gas production - from existing reserves, contingent resources, prospective resources, and future net acquisitions - and open market purchases or swaps made at WCSB market hubs, as described in Section IV and Appendices A and B;
 - there is a large and growing LNG demand in global markets, including the Asia-Pacific region, which will continue to demand LNG into the future, as described in Section V and Appendix C;
 - North American natural gas markets will continue to function efficiently over the proposed Licence term and natural gas buyers and sellers will continue to establish fair market prices based upon supply and demand fundamentals, as outlined in Section VII and Appendix E; and
 - the proposed export of LNG in this Application is unlikely to cause Canadians difficulty in meeting their energy requirements at fair market prices, as demonstrated in Section VII and Appendices D and E.

IV. GAS SUPPLY

i. LNG Terminal Capacity Allocation and Commitments

18. The annual outlet capacity of the LNG Terminal at full build out is proposed to be 24 MMt/y. Each of the Project Owners will have the right to supply gas to the Project up to its participating interest share of the LNG Terminal and to lift LNG from the Export Point in an amount equal to its proportionate share of the natural gas supplied to the Project. Each Project Owner will retain title to its share of gas and LNG up to the Export Point.

19. The Project Owners have the right to supply their participating interest share of natural gas through a portfolio of supply options. The Project Owners can fulfill their supply requirements through a combination of their own gas production - from existing reserves, contingent resources, prospective resources, and future net acquisitions - and open market purchases or swaps made at WCSB market hubs. The choices exercised will be based on the most economically efficient options at any given point in time.

- ii. **Access to and Use of WCSB Gas Market Hubs**

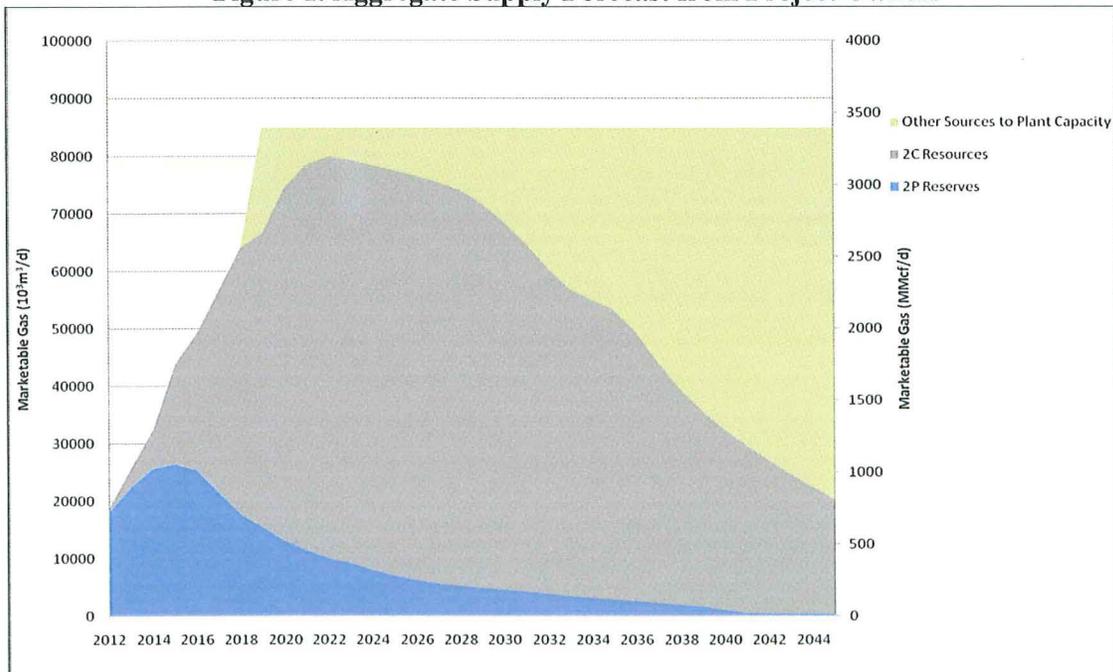
20. The sources of gas supply for the LNG Terminal will, by the time of commissioning of the LNG Terminal, be connected by pipeline systems to the principal market hubs where large volumes of gas are traded and market prices are established through trading.
 21. The operation of these hubs and of the open and efficient gas markets they support is described in **Appendix A**. The Project Owners anticipate that they will each be able to secure through purchase arrangements and swaps with third parties such supply volumes as are required, in addition to their own gas production, to fully utilize their respective participating interest capacity in the LNG Terminal.

- iii. **Project Owners' Reserves/Resources and Productive Capacity**

22. As previously stated, the Project Owners anticipate providing their participating interest share of LNG Terminal natural gas supply through their own gas production, purchases and swaps. Table 1 is a summary of the Project Owners' current aggregate uncommitted WCSB gas reserves and contingent resources, and an estimated daily production capacity that could be achieved to supply the LNG Terminal commencing in 2019.

Table 1 LNG Canada: Terminal Total Requirements for Requested Licence		
	25-year Term Quantity	Annual Maximum Quantity
Requirement at Terminal Outlet	670 MMt	24 MMt/y
Natural Gas Equivalent at Terminal Inlet	968 10 ⁹ m ³ 34 Tcf	35 10 ⁹ m ³ /y 1240 Bcf/y
LNG Canada: Gas Supply		
	Available Through Licence Term	Daily Volume at 2019
Project Owners' 2P Reserves	53 10 ⁹ m ³ 1,871 Bcf	17 10 ⁶ m ³ /day 617 MMcf/day
Project Owners' 2C Contingent Resources	554 10 ⁹ m ³ 19,655 Bcf	58 10 ⁶ m ³ /day 2047 MMcf/day
Project Owners' 2P Reserves plus 2C Contingent Resources	607 10 ⁹ m ³ 22,526 Bcf	75 10 ⁶ m ³ /day 2664 MMcf/day
Note: These data are derived from data presented separately for each Project Owner in Appendix B		

Figure 1. Aggregate Supply Forecast from Project Owners



23. The production forecast presented in Figure 1 is derived from a single development scenario contemplated in 2011 and effective December 31, 2011. It should not be interpreted as the only possible production forecast that can be derived from the reserves and resources presented in the Application. The forecast is not optimized for an LNG scenario like the 24 MMt/y demand associated with the LNG Canada Project. However, the size of the resource base does allow for making such optimization in future forecast updates while the Project matures. Corporate development plans evolve and are updated at least once a year. The supply forecast presented in this Application is a single production profile, a snap shot in time, which will evolve in accordance with market opportunities.
24. The data in Table 1 represent an aggregation of the Project Owners' Reserves/Resources and Productive Capacities shown in **Appendix B**.

iv. **Adequacy of Supply Supporting the Application**

25. The Project Owners' commitment to the Project is founded in the large-scale investments they are making, both directly and indirectly, in its development. The initial development costs of the LNG Terminal prior to the Final Investment Decision ("FID") are anticipated to be in the order of hundreds of millions of dollars. The Project Owners have also made large-scale investments in the acquisition and development of resource plays that will be available sources of gas supply to the Project. Moreover, upon making the FID to proceed with the Project, the Project Owners will commit billions to the construction of the LNG Terminal and will also have entered into long-term transportation service agreements. The Project Owners' investments in the Project, along with the various contractual commitments to each other, to third party pipeline operators and to prospective LNG buyers, will serve as a significant and substantive incentive to exercise their respective rights to provide their participating interest share of gas supply to the Project.
26. The Project Owners will be able to provide gas supply to the LNG Terminal from a portfolio of supply options, including:
- production of proved plus probable reserves;
 - the build-out of that production from contingent and prospective resources;
 - production from future net acquisitions; and
 - open-market purchases and swaps at WCSB market hubs.

V. **EXPORT ARRANGEMENTS**

i. **Commercial Arrangements and Commitments**

27. The Project Owners each intend to independently sell their proportionate share of LNG delivered to the Export Point under LNG supply agreements that, as they individually determine, are reflective of the expected long-term nature of global demand for LNG.

28. Export arrangements that provide secure long-term supplies of LNG are attractive to prospective LNG buyers as they provide increased certainty. It is important to be able to secure the requested long-term Licence in order to achieve the certainty necessary to complete all aspects of the Project.

ii. **Independent Market Assessment**

29. The Applicant retained PFC Energy to complete an independent assessment of global LNG markets, particularly in the Asia-Pacific and emerging regions intended to be served by the LNG Terminal (**Appendix C**). The report, entitled “LNG Markets Study” (“**PFC Energy Report**”) provides projections of LNG supply and demand by region and an assessment of competing sources of LNG supply, drawing on PFC Energy’s gas production outlook, demand forecasts, and database of existing LNG and pipeline contracts. The PFC Energy Report also discusses the industry experience of each of the Project Owners and the strengths they bring to the Project.

30. The major conclusions of the PFC Energy Report are as follows:

- (a) The Asia-Pacific region is forecast to continue to have strong growth in LNG demand from 2020 onwards due to expanding demand from the industrial, power, transport, and distribution sectors.
- (b) The individual Project Owners are well-positioned to deliver gas to the global markets and to various Asian demand centres, which will need to secure additional LNG imports from 2020 onwards to meet growing demand.
- (c) The liquefaction capacity in the Pacific Basin (defined by PFC Energy as countries in Northeast Asia (including Russia’s Pacific coast), South Asia, Southeast Asia, East Africa, and Oceania,) is expected to grow to 218 MMt/y by 2020, up from 101 MMt/y in 2011.
- (d) In addition to its ownership structure, the LNG Canada Project benefits from several other attributes which make it an attractive project for investors and LNG buyers alike. LNG Canada offers portfolio diversification with less political and operational risk and thus has the potential to enhance the energy security of its offtakers. In addition, many historical suppliers are not expected to expand LNG exports. Finally, the Project Owners are well-positioned to take advantage of the low natural gas prices in North America, where natural gas is increasingly abundant from new sources, particularly in shales.
- (e) It is expected that the global LNG market will be able to absorb 12 MMt/y of LNG from the Project’s base case in 2019 and the 24 MMt/y of LNG from the expanded Project.

VI. TRANSPORTATION ARRANGEMENTS

i. Access to WCSB Market Hubs

31. The Project will be supplied from gas sources throughout the WCSB through connections to pipeline systems serving the principal market hubs. These market hubs will include, but are not limited to, the NOVA Inventory Transfer (“NIT”) virtual trading point through access to the TransCanada PipeLines Limited (“TCPL”) Alberta System. This system provides the individual Project Owners with integrated access to gas production throughout the WCSB.
32. Shell Canada Energy, as Project Administrator, for and on behalf of the Project Owners, has entered into a commercial arrangement with TCPL, whereby a wholly owned subsidiary of TCPL, Coastal GasLink Pipeline Ltd., will permit, build, own and operate a pipeline that will deliver gas from the WCSB to the LNG Terminal. The Project Owners will be individually obligated to contract for service sufficient to transport their respective participating interest share of gas at the LNG Terminal.

VII. MARKET-BASED PROCEDURE

i. Complaints Procedure

33. Canadian gas users will be made aware of the proposed export by the filing of this Application, by further information that may be filed by the Applicant, and by any publication of notices as directed by the NEB.
34. The price of the natural gas supplied by the Project Owners to the LNG Terminal will be determined by the functioning North American market as reflected at market hubs. The same price of gas at the LNG Terminal inlet, adjusted for transmission differentials, will be equally available in the market to all Canadian gas users.
35. The natural gas supply for the LNG Terminal will be obtained by the Project Owners on the same terms and conditions as by other large-volume Canadian gas users. The functioning, highly competitive Canadian and broader North American gas markets ensure such non-discriminatory treatment.
36. The Project Owners have neither the intent nor the ability to obtain gas for the LNG Terminal supply on terms and conditions, including price, more favourable than other large-volume Canadian users.

ii. Export Impact Assessment

37. The Applicant retained the services of the Ziff Energy Group and Mr. Roland Priddle to prepare reports that assess the impact of the proposed exports on Canadian energy and natural gas markets in order to allow the Board to determine whether these exports are likely to cause Canadians difficulty in meeting their energy requirements at fair market prices over the term of the proposed Licence.

38. The Ziff Energy Group report, entitled “Natural Gas Supply and Demand Forecast 2010 2045”, provides a quantitative forecast of North American, Canadian, and WCSB demand and supply to 2045 and is attached as **Appendix D (“Ziff Energy Report”)**.
39. The main conclusions of the Ziff Energy Report include:
- (a) North American and Western Canadian gas resources are robust and have grown with the development of horizontal drilling and multi-stage fracture technologies;
 - (b) North American and Western Canadian gas supply is not constrained to meet projected base demand and incremental demand from the Project over the forecast period;
 - (c) there is an abundance of low cost natural gas supply available in North American and Canadian shale gas plays;
 - (d) Western Canada has productive natural gas potential far in excess of projected demand over the forecast period;
 - (e) Canadian gas supply (including LNG imports) is expected to grow from 14.5 Bcf/d (15.3 petajoules per day (PJ/d)) in 2011 to 17.3 Bcf/d (18.3 PJ/d) in 2045, as new gas supplies offset declines of higher cost conventional gas. Western Canada was the source of 97% of Canadian gas supply in 2011;
 - (f) Western Canadian gas is facing competition and significant displacement in traditional markets from low-cost U.S. Lower 48 natural gas;
 - (g) despite declining WCSB production since 2001, Canadian gas markets have been adequately supplied and this is forecast to continue; these markets are a component of the integrated North American market;
 - (h) North American gas demand growth will be driven primarily by gas-fired electrical generation, Canadian oil sands gas demand and LNG liquefaction;
 - (i) Canadian gas demand growth is expected to be driven principally by a switch away from coal-fired power generation, gas for growing oil sands production, and LNG liquefaction;
 - (j) Canadian gas demand is expected to increase at an average rate of 2.5% per year over the forecast period and will comprise a larger component of North American demand, increasing market share from 11% in 2010 to 19% in 2045;
 - (k) market impact from the Project will be muted by the abundance of low-cost supply available in North America and Western Canada;
 - (l) the incremental price impact of the Project on North American natural gas prices over the forecast period will be modest, averaging \$0.09/Mcf;

- (m) natural gas markets will continue to function over the forecast period with natural gas buyers and sellers establishing fair market prices based upon supply and demand fundamentals; and
 - (n) Ziff Energy considers that the export of gas by the Project will not cause Canadians any difficulty in meeting their natural gas requirements at fair market prices over the forecast period.
40. Mr. Priddle's report, entitled "Export Impact Assessment", is a qualitative assessment of the impacts of the proposed export and is attached as **Appendix E ("Priddle Report")**. The Priddle Report takes into consideration relevant analyses and findings of the Ziff Energy Report and concludes that:
- (a) the export of the gas by the Project is unlikely to cause Canadians difficulty in meeting their energy requirements at fair market prices;
 - (b) the Canadian gas producing sector is able to satisfy Canadian needs given the proposed export;
 - (c) the impact of the export on future natural gas prices is expected to be modest;
 - (d) Canadian gas users are not likely to have to adjust their consumption patterns as a result of the proposed export; and
 - (e) there are safeguards against extraordinary demands being placed by the export on Canadian supply.

VIII. EXPORT LICENCE TERM AND VOLUME REQUIREMENTS

41. LNG export projects comprise a series of commercial undertakings involving the sourcing of gas supplies, pipeline transportation service arrangements, construction and operation of the required LNG liquefaction and marine loading facilities, and LNG export arrangements. In many cases, these are also accompanied by significant investments in associated upstream gas developments.
42. Given the scale of these undertakings and long pay back periods, together with the lengthy lead-in times associated with both resource development and LNG export infrastructure permitting and construction, long-term LNG export arrangements are fundamental to the economic viability of any new LNG export project. In turn, such arrangements are also attractive to prospective large volume LNG buyers in regions such as Japan, Korea and China who will typically seek out and reward secure long-term supplies of LNG.
43. The Project will have three major Asian LNG industry leaders as Project Owners alongside Shell, with its own nearly 50-year history in the successful development and marketing of global LNG export projects. A 25-year licence term is essential because of

the scale of the proposed investment and the long-term requirements of the Project Owners.

44. LNG export projects are typically driven to economies of scale in order to combat the very high capital intensity of the business. Newer LNG plants have larger, more efficient trains, thus minimizing unit costs. The Project Owners therefore intend to construct and operate the LNG Terminal to its full capacity of 24 MMt/y, recognizing that the precise scheduling of construction of Trains #3 and #4 will be influenced by such considerations as construction labour efficiencies and the build-up of market demand. The Project Owners, through their international affiliates, have unique access to key LNG markets, and are contracting for enough third party pipeline capacity connected to market hubs to ensure the availability of sufficient gas supply to completely utilize the fully built-out LNG Terminal capacity of 24 MMt/y over the 25-year Licence term.
45. It is anticipated that the LNG Terminal will be operated at or near its maximum capacity for the following reasons:
- the Project Owners' individual LNG export arrangements will be premised on providing to buyers a secure supply of LNG;
 - the LNG Terminal is very capital intensive, providing a strong economic incentive for the Project Owners to achieve high utilization rates;
 - there is an LNG spot market into which the Project Owners may also sell LNG cargoes that are over and above those committed to long-term LNG sales contracts, or where otherwise not taken by committed buyers; and
 - relatively low marginal production cost provides a further strong incentive to maximize use of sustainable plant capacity.
46. The timely issuance of the applied-for Licence is critical to the Project Owners' remaining investment decisions and commercial commitments, including substantial development costs, necessary to support this LNG export undertaking.

IX. RELIEF REQUESTED

47. The Applicant respectfully requests:
- (a) pursuant to section 117 of the NEB Act, a Licence subject to following terms:
- (i) **TERM:** The proposed term of the Licence is a period of 25 years commencing on the date of first export of LNG under the Licence;
 - (ii) **EXPORT START DATE:** Unless otherwise authorized by the Board, the term of this Licence shall end on December 31, 2022 if exports of LNG have not commenced on or before that date;

- (iii) **TERM QUANTITY:** The quantity of LNG that may be exported under the Licence over its term shall not exceed 670 MMt (includes consideration for phasing and plant optimization) (natural gas equivalent of approximately $933 \times 10^9 \text{ m}^3$ or 32,950 Bcf);
 - (iv) **ANNUAL MAXIMUM:** The annual export volume in any 12-month period shall not exceed 24 MMt (natural gas equivalent of approximately $33 \times 10^9 \text{ m}^3$ or 1180 Bcf);
 - (v) **ANNUAL TOLERANCE:** As a tolerance, the amount of LNG that may be exported in any 12-month period may exceed the annual maximum by 15 percent in order to accommodate operating variables;
 - (vi) **EXPORT POINT:** The point of exportation of the LNG from Canada shall be at the outlet of the loading arm of the LNG Terminal to be located near Kitimat, British Columbia, Canada.
- (b) such further and other relief as the Applicant may subsequently request or the Board may consider appropriate.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 27th day of July 2012.

LNG Canada Development Inc.
by its counsel,
Blake, Cassels & Graydon LLP

Per: 
Lars Olthafer

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