



**DISTRICT OF HUDSON'S HOPE
AGENDA**

Special Council Chambers

Wednesday April 15, 2015 at 7:00 PM

1. **Call to Order:**

2. **Adoption of Agenda by Consensus:**

3. **Declaration of Conflict of Interest:**

4. **Staff Reports:**
 - SR1 TransCanada – PRGT: Temporary Use Permits:
 - 102B Stockpile Area
 - 104A Campsite Area
 - 105A Laydown Area
 - 106A Stockpile Area

5. **Public Inquiries:**

6. **Adjournment:**

REQUEST FOR DECISION

RFD#: SM 4SR1	Date: April 15, 2015
Meeting#:	Originator: Tom Matus, CAO
RFD TITLE: TC-PRGT TUPS	

BACKGROUND:

At Regular Council Meeting of April 13, 2015 four TransCanada – Prince Rupert Gas Transmission Ltd. Temporary Use Permits were presented for review to Council, being the following:

- PRGT TUP Stockpile Site 102B
- PRGT TUP Campsite 104A
- PRGT TUP Laydown Yard 105A
- PRGT TUP Stockpile Site 106A

stockpile Site 102B located at District Lot 1091 Block B in the District of Hudson’s Hope;

campsite identified by PRGT as Campsite 104A located at District lot 1282 in the District of Hudson's Hope;

laydown yard identified by PRGT as Laydown Yard 105A located at District Lot 1282 in the District of Hudson’s Hope; and

stockpile site identified by PRGT as Stockpile Site 106A located at District Lot 1282 in the District of Hudson’s Hope.

DISCUSSION:

Council’s resolution passed at April 13, 2015 Regular meeting reads as follows

“RESOLUTION NO.

M/S Councillors Heiberg/Middleton

THAT:

“Council in regards to: the Temporary Use Permit for the stockpile area identified by TransCanada-Prince Rupert Gas Transmission Ltd (PRGT) as Stockpile Site 102B located at District Lot 1091 Block B in the District of Hudson’s Hope; laydown yard identified by PRGT Laydown Yard 105A located at District Lot 1282 in the District of Hudson’s Hope; and the stockpile site identified by PRGT as Stockpile Site 106A located at District Lot 1282 in the District of Hudson’s Hope requests additional information on the requirement of security in the form of an Irrevocable Letter of Credit, for the Special Meeting on April 15, 2015 at 7:00 pm, from our legal counsel and to review the OGC permit before a resolution is passed.”

CARRIED”

Legal Council’s opinion in regard to security as stated in the Local Government Act section 921 and the Irrevocable Letter of Credit, reads as follows:

Hi Tom,

Thanks for pointing out that provision. I agree that the wording does seem broad enough to encompass permits issued under other legislation, but I reviewed the Act and note that “permit” is defined to

mean a permit issued under section 25 of the Act. As a result, section 30 will not apply to permits issued by local governments. That said, it is possible that the permits issued by OGC are broad enough to protect the District's interests. However, it is also possible (and perhaps more likely) that the permits issued to PRGT do not cover the campsite or other areas covered by the TUPs, since permits are required under the Act for "oil and gas activity" which has a fairly limited meaning:

"oil and gas activity" means

- (a) geophysical exploration,
- (b) the exploration for and development of petroleum, natural gas or both,
- (c) the production, gathering, processing, storage or disposal of petroleum, natural gas or both,
- (d) the operation or use of a storage reservoir,
- (e) the construction or operation of a pipeline,
- (f) the construction or maintenance of a prescribed road, and
- (g) the activities prescribed by regulation;

As a result, I would still recommend getting a copy of the permits issued by OGC. Then you will be able to make an informed decision about whether the permits offer adequate security to the District.

Best regards,

Rachel Vallance

I received the attached email from Stacey Boreski. It notes that they do not have the OGC permits as yet. But she unequivocally iterates that the OGAA governs all permits. She provides agreements which I note in my return email does not render our TUP redundant nor do they enforce them though I will await further legal counsel on this issue.

I have requested a response from the OGC on this matter asking specifically if section 30, 51, and 53 render ur permits redundant in regard to the form of security we request and whether the OGAA super cedes or has precedence over the Local Government Act.

The TUP for the Campsite 104A is included as all permits read the same in regard to our issues.

BUDGET:

RECOMMENDATION / RESOLUTION:

Recommendation:

Await further information from the OGC and our Legal Counsel in regard to the above matters;

Or

Request our legal counsel to Include a clause in the TUP that requires a security in the form of an ILOC should it be determined that the OGAA does not provide security to the District of Hudson's Hope in the form the District of Hudson's Hope requires.



Tom Matus, CAO

Tom Matus

From: Tom Matus
Sent: April-15-15 4:26 PM
To: Stacey Boreski
Cc: Shaheen Kassam; Catie Underhill
Subject: RE: Emailing: Agenda Addtn CM041315_001

Hi Stacey,

I'm having Legal provide an opinion on whether the OGA Act has precedence or super cedes the Local Government Act.

I have not issued a TUP during my tenure here, but this magnitude of work has never been requested before within the boundary of the District of Hudson's Hope – other than a stockpile site in the proper zoning which did not require a TUP.

I don't believe The Temporary Infrastructure Site Lease agreement nor the OGC Licence of Occupation gives any authority to the District of Hudson's Hope to force any correction of breach to its TUP.

The District of Hudson's Hope is responsible for ensuring that people use their lands in compliance with the District of Hudson's Hope Zoning Bylaw. This is why we may grant TUPs for use outside of what the zoning bylaw dictates. All what you write below seems to refer to OGC permits given under the OGAA, not permits under other legislation, as neither of the sections you refer to specifically state, as you say "ancillary" permits - Further, who do we go to enforce the correction of breach if the OGAA governs only the OGC permits - well, we can't go to them. But this is what I hope our lawyer can determine. This is why Council has to see the OGC Permit to determine if in fact our concerns are adequately addressed. If I understand correctly the PRGT does not yet have an OGC Permit? If this is the case how does the District of Hudson's Hope determine in advance of the OGC permit that their interests are being secured and are not redundant without the conditions of a TUP? As I see it.

I don't expect our lawyer to get back to us today but hopefully.

Regards,

Tom Matus, CAO

-----Original Message-----

From: Stacey Boreski [mailto:stacey_boreski@transcanada.com]
Sent: Wednesday, April 15, 2015 2:33 PM
To: Tom Matus
Cc: Shaheen Kassam; Catie Underhill
Subject: RE: Emailing: Agenda Addtn CM041315_001

Good afternoon Tom,

I have cited some clauses from the Oil & Gas Activities Act for your reference:

Section 30

"Required security"

The commission, by order or by imposition of a condition under section 25 (2) (b), may require a permit holder, an applicant for a permit or a transferee of a permit to provide security to the commission, in the amount the commission

Tom Matus

From: Stacey Boreski <stacey_boreski@transcanada.com>
Sent: April-15-15 2:33 PM
To: Tom Matus
Cc: Shaheen Kassam; Catie Underhill
Subject: RE: Emailing: Agenda Addtn CM041315_001
Attachments: BC OGC_License of Occupation_Sample.pdf; BC NEB and OGC Temporary Infrastructure Site Lease (Final).pdf; TUP - PRGT 104A (00318143xBCD32).doc; Draft Permit_Hudson's Hope_PRGT Comments and Change Requests.docx

Good afternoon Tom,

I have cited some clauses from the Oil & Gas Activities Act for your reference:

Section 30

"Required security"

The commission, by order or by imposition of a condition under section 25 (2) (b), may require a permit holder, an applicant for a permit or a transferee of a permit to provide security to the commission, in the amount the commission requires and in accordance with the regulations, to ensure the performance of an obligation under this Act, a permit or an authorization.

Section 50 (1)

" Commission may carry out action"

If an official issues an order under section 49 (1) and the person to whom the order was issued has not complied with the order by the date specified in the order under section 49 (3) (c), the commission may do one or more of the following:

- (a) by order in writing, restrict or prohibit the person from carrying out an action referred to in the order;
- (b) after giving the person an opportunity to be heard, carry out an action referred to in the order;
- (c) by order in writing, require the person to pay to the commission the amount of all direct and indirect costs the commission determines were reasonably incurred in carrying out the action referred to in paragraph (b).

Section 53 (1)(a)(b)(c)(e ii) (f)

" Control of oil and gas activities"

If, in the commissioner's opinion,

- (a) a permit holder has engaged in a pattern of conduct that shows that the person is unfit to carry out the oil and gas activities permitted by the permit holder's permit, and
- (b) there is a risk to public safety, the environment or petroleum and natural gas resources, the commission may
- (c) enter, seize and take control of any well, pipeline, facility or storage reservoir together with any associated chattel and
fixture and any pertinent records,
- (e) take the steps the commission considers necessary
 - (ii) for public safety or to protect the environment, and
- (f) carry out any other prescribed actions.

Based on these clauses contained within the Act, of which, encompass ALL permits applied for including ancillary site permits. Section 30 speaks to your clause 25 within the draft permits, while section 50 and 53 of the OGAA speaks to PRGTs stance of redundancy within your clause 26 involving remediation. Out of curiosity, with any other application for a temporary use permit, are private landowners, etc. required to make such security deposits as well?

Further, I have attached a sample of a portion of a permit issued by the BC OGC (unfortunately we don't have a project specific one approved yet), for your perusal. If you take a look at clause 4.1 (v) on page 2 of the attachment, it speaks to the restoration requirements of the proposed activities. Clause 6.1 (page 3) then speaks to the security amount required on the Commencement date of said activity. Both are standard clauses in ALL permits issued by the BC OGC. To confirm, both site 102B and sites 104A, 105A and 106A applications were submitted to the BC OGC on March 11 - both as "Applications for Ancillary Site Activity on Private Lands Applications"

As a reminder, the lands in question are privately owned and I have attached a copy of the Temporary Infrastructure Site Lease agreement that has been signed (by way of an Option Agreement) and agreed to by the Landowners of these sites. Clause 3(d) holds PRGT liable for compensation resulting in damage, loss of use, adverse effect, nuisance, inconvenience and noise that may be caused that is to be reimbursed to the landowner directly.

Also attached is a summary of edits that PRGT respectfully requests Hudson's Hope to have amended to your Draft Permits (Draft Permit site 104 also attached).

As always, please let me know if you have any further questions or require clarification.

Take care,

Stacey Boreski | Land Analyst
Prince Rupert Gas Transmission Project
TransCanada Corporation
450 – 1st Street S.W.
Calgary, AB, Canada T2P 5H1

T: 587-933-0832 | C: 403-461-6124
E: Stacey_Boreski@TransCanada.com

-----Original Message-----

From: Tom Matus [mailto:cao@hudsonshope.ca]
Sent: Tuesday, April 14, 2015 11:55 AM
To: Stacey Boreski
Cc: Shaheen Kassam; Catie Underhill
Subject: FW: Emailing: Agenda Addtn CM041315_001

Hello Stacey,

I have received our legal opinion and they agree that I need the OGC permit to actually see if it "offers adequate security to the District".

I have perused the O&G Activities Act and I do not see anywhere in there where a permit from the OGC covers the District of Hudson's Hope TUPs.

Could you get your legal to point this out for us? Until then sections regarding security and breach/correction will stay in the TUP as per the Local Government Act section 921.

Regards,

Tom Matus, CAO

-----Original Message-----

From: Tom Matus
Sent: Monday, April 13, 2015 1:43 PM
To: 'Stacey Boreski'
Cc: Shaheen Kassam; Catie Underhill
Subject: RE: Emailing: Agenda Addtn CM041315_001

Hello Stacey,

Could you please send me your OGC permit highlighting the duplication of the areas of concern in our TUP?

I have sent a copy of the 104A permit with some of the changes highlighted. I am awaiting the OGC permit so Council may review and compare. We are keeping the Letter of Undertaking in the permit.

Thanks for the note about the references to the sites, I have made the changes.

Regards,

Tom Matus, CAO

-----Original Message-----

From: Stacey Boreski [mailto:stacey_boreski@transcanada.com]
Sent: Monday, April 13, 2015 10:49 AM
To: Tom Matus
Cc: Shaheen Kassam; Catie Underhill
Subject: RE: Emailing: Agenda Addtn CM041315_001

Hi Again Tom,

In addition to the comments provided for the Draft Permit for Site 104A (Camp), I just wanted to clarify that the only additional concerns with the 105A and 106A sites for the laydown and stockpile is that PRGT cannot be held to having to fence the laydown and stockpile sites unless we deem it is required. This is a standard practice for these types of land uses and will be further reviewed at time of construction. Therefore, we would suggest that Clause 10 from both draft permits be either removed (as it specifically mentions the Campsite rather than the laydown or stockpile or it be amended to clarify that this is a strategy on a per site basis and will likely not accompany our proposed stockpile and laydown.

If you have any questions or require clarity of this concern, please do not hesitate to contact me directly.

Thanks again,

Stacey Boreski | Land Analyst
Prince Rupert Gas Transmission Project
TransCanada Corporation
450 - 1st Street S.W.
Calgary, AB, Canada T2P 5H1

T: 587-933-0832 | C: 403-461-6124
E: Stacey_Boreski@TransCanada.com

Site 102B (Camp) and Site 104A (Camp):

Clause 7: “The Permittee shall not construct offices or warehouses or store equipment or store materials outside of the Campsite” – **DELETED**

Reason: This condition is not applicable as the project will have equipment, materials, etc. stockpiled in other locations under other permitted uses. We cannot pigeonhole and signoff to a commitment that does not allow us to construct outside of this area. We suggested that either this clause be removed completely or we amend the verbiage to:

“The Permittee shall not construct offices or warehouses or store equipment or store materials outside of the Campsite which have not been proposed within the scope of this application”

Clause 14: “The Permittee shall deliver all plans pertaining to its activities on the Lands, including, without limitation, plans relating to traffic, construction and storage of equipment and materials, as well as the Permittee’s emergency operation plan for the Campsite, to the District for review and ~~approval~~ **acceptance.**”

Reason: This can be supplied by PRGT for review, but not approval. The issuance of this permit should be the approval. Negotiations and information that we have provided to Hudson’s Hope through this application process should be approved at this level – we can’t have an approval within an approval.

Clause 25: “The Permittee shall provide the District with an unconditional irrevocable letter of credit, satisfactory in form to the Approving Officer of the District, in the amount of \$1,000,000.00 as security for the Permittee’s compliance with this Permit (the “**Security**”). The ILOC must be provided to the District of Hudson’s Hope Approving Officer within 15 days of the permit being issued or this will be considered a breach of the Permit.” - **DELETED**

Reason: PRGT views this as redundant with the security that is filed with the OGC for our permit applications for ancillary sites and the pipeline. The OGC has authority to enforce site remediation. We ask that this clause be deleted.

Clause 26: “If the Approving Officer considers that there has been a breach of a provision of this Permit, and the Permittee fails to correct the breach within fifteen ~~(15)~~ (30) days of written notice **or within reasonable allotted time depending on the nature of the breach** from the Approving Officer to both the ~~Permittee and the BC OGC~~, the **BC OGC may revoke the permit and the site will be vacated and remediated per the remediation process outlined with Permittee and the BC OGC.**” ~~District may cash all or part of the Security to reimburse the District for acting in default of the Permittee. Any remaining portion of the Security will be returned to the Permittee at the end of the Term. If the cost of any remedial work exceeds the amount of the Security, the Permittee will pay such excess amount to the District immediately upon receipt of the District’s invoice for the same.~~ – **REVISED**

Reason: Based on same comment as above RE: PRGT and BC OGC security measures already in place.

Schedule B letter of Undertaking - Clause 2: “The Permittee understands and accepts that if it fails to comply with the undertakings herein, the District may enter on the Lands and carry out the demolition, removal or restoration of the Lands at the expense of the Permittee.” - **DELETED**

Reason: Remedy for breach should be limited to notice as described within body of permit. The OGC will enforce site remediation.

Site 105A (Laydown) and Site 106A (Stockpile):

In addition to the above comments for revisions to the draft permits, the only concern is as follows:

Clause 10: "The Campsite shall remain fenced and gated at all times with fencing and gating meeting the following conditions of the District of Hudson's Hope current **Building** Bylaw and Zoning Bylaw Section 16 M2 Zone: Light Industrial (un-serviced)." – DELETED

OR

"The Stockpile/Laydown Site shall not be subject to mandatory fencing/gating. However, on a per site inspection basis, should the site require fencing, as determined by the Permittees Construction Manager, the proposed site shall remain fenced and gated at all times with fencing and gating meeting the following conditions of the District of Hudson's Hope current Building Bylaw and Zoning Bylaw Section 16 M2 Zone: Light Industrial (un-serviced)."

Reason: PRGT cannot be held to having to fence the laydown and stockpile sites unless we deem it is required. This is a standard practice for these types of land uses and will be further reviewed at time of construction. Therefore, we would suggest that Clause 10 from both draft permits be either removed (as it specifically mentions the Campsite rather than the laydown or stockpile or it be amended to clarify that this is a strategy on a per site basis and will likely not accompany our proposed stockpile and laydown.

TEMPORARY COMMERCIAL USE PERMIT NO. 2015-04

Issued by: The District of Hudson's Hope
Box 330, 9904 Dudley Drive
Hudson's Hope BC V0C 1V0

(the "District")

Issued to: Prince Rupert Gas Transmission Ltd.
450 – 1st St. SW
Calgary, AB
T2P 5H1

(the "Permittee")

With respect to the following lands:

PID 023-713-046
DISTRICT LOT 1282 PEACE RIVER DISTRICT

(the "Lands")

And more specifically, with respect to the hatched area marked as
"Proposed Site 104 A" on the Individual Ownership Plan attached as Schedule A
hereto.

(the "Campsite")

1. This Temporary Commercial Use permit ("Permit") is issued pursuant to Section 921 of the *Local Government Act*.
2. This Permit is not a building permit, development permit or development variance permit.
3. Subject to the conditions set out in this Permit, the accommodation of workers, service areas ancillary to the accommodation of workers (such as for water, sewage, generators and propane), water wells and effluent ponds, and the storage of equipment, all related to the construction of a Liquefied Natural Gas transmission pipeline by the Permittee, are a permitted use within the Campsite on the Lands.
4. This Permit is valid May 1, 2015 to April 30, 2018, inclusive (the "Term").
5. The Permittee shall ensure that the Lands are used strictly in accordance with this Permit at all times.
6. This Permit pertains only to the land use and structures described specifically in this Permit. No approval of any other land use or structure on the Lands is implied by this Permit or by any schedules attached hereto.

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7. The Permittee shall not construct offices or warehouses, or store equipment or materials outside of the Campsite unless permitted under another Temporary Use Permit.
8. Equipment and materials in the Campsite shall comply with the District of Hudson's Hope current Building Bylaw and Zoning Bylaw Section 16 M2 Zone: Light Industrial (un-serviced).
9. The Buildings or structures constructed by the Permittee on the Lands for the temporary work camps shall comply with the District of Hudson's Hope's current Building Bylaw.
10. The Campsite shall remain fenced and gated at all times with fencing and gating meeting the following conditions of the District of Hudson's Hope current Building Bylaw and Zoning Bylaw Section 16 M2 Zone: Light Industrial (un-serviced).
11. Buildings, structures, equipment and stored materials in the Campsite shall be set back from the fence (or property line in the absence of a fence) as per requirements in the current District of Hudson's Hope Zoning Bylaw Section 16 M2 Zone: Light Industrial (un-serviced).
12. The Permittee shall submit a dust control plan to the District for review and approval.
13. The Permittee authorizes the District to share its Temporary Use Application package with other agencies that may be affected by the issuance of the Permit.
14. The Permittee shall ensure that its activities on the Lands do not permanently alter the Lands.
15. The Permittee shall deliver all plans pertaining to its activities on the Lands, including, without limitation, plans relating to traffic, construction and storage of equipment and materials, as well as the Permittee's emergency operation plan for the Campsite, to the District for review and approval which will not be unreasonable withheld.
16. The Permittee shall submit to the District any drug and alcohol policy or employee Code of Conduct applicable to employees working at the Campsite.
17. The Permittee shall provide the District with a copy of the Campsite employee work schedule.
18. If during the Term the Permittee amends or updates plans or policies pertaining to its activities on the Lands, or creates new plans or policies, it shall deliver such plans or policies to the District. This does not authorize any change in regard to the permitted use of the Lands as described in section 3.
19. The Permittee shall provide the District with the name of any security firm or personnel operating on the Campsite, who will make best efforts to liaise with the District and the Hudson's Hope detachment of the RCMP on matters of Campsite security and community safety.

Commented [A1]: DELETE?

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20. The Permittee shall obtain the approval of the Ministry of Transportation if the Permit is for a commercial or industrial development within 800 meters of a controlled access highway and with a gross floor area over 4,500 m².
21. The Permittee shall comply with all of the bylaws of the District applicable thereto, except as specifically varied or supplemented by this Permit.
22. This Permit does not relieve the Permittee or the owners of the Lands from obtaining any other approvals required by the District or any other jurisdiction, or from complying with any other bylaw, law or regulation. This Permit is not a representation or warranty that any bylaw, law or regulation has been complied with.
23. On or before the end of the Term, all materials, equipment, buildings and structures must be removed from the Lands, except where those materials, equipment, buildings and structures are owned by the owners of the Lands or were situated on the Lands prior to the issuance of the Permit, and the Lands shall be left in condition satisfactory to the Approving Officer of the District.
24. The Permittee shall execute the Letter of Undertaking attached as Schedule B.
25. The Permittee shall provide the District with an unconditional irrevocable letter of credit, satisfactory in form to the Approving Officer of the District, in the amount of \$1,000,000.00 as security for the Permittee's compliance with this Permit (the "Security"). The ILOC must be provided to the District of Hudson's Hope Approving Officer prior to the issuing of the Permit.
26. If the Approving Officer considers that there has been a breach of a provision of this Permit, and the Permittee fails to correct the breach within **thirty (30)** days of written notice from the Approving Officer, the District may cash all or part of the Security to reimburse the District for acting in default of the Permittee. Any remaining portion of the Security will be returned to the Permittee at the end of the Term. If the cost of any remedial work exceeds the amount of the Security, the Permittee will pay such excess amount to the District immediately upon receipt of the District's invoice for the same.
27. The Permittee shall post this Permit at the entrance to the Campsite for the Term of the Permit.

Tom Matus
Approving Officer

Certified a true and correct copy of Temporary
Commercial Use Permit No. 2015-04 issued by
Resolution of District of Hudson's Hope Council
Passed on the ____ day of ____, 2015.

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Tom Matus, Approving Officer

I acknowledge that I have read and understand the terms and conditions upon which this Permit is issued:

Prince Rupert Gas Transmission Ltd., per:

Authorized Signatory of
Prince Rupert Gas Transmission Ltd.

Printed Name of Signatory

DRAFT



**Schedule B
Letter of Undertaking**

Approving Officer
The District of Hudson's Hope
Box 330, 9904 Dudley Drive
Hudson's Hope, BC V0C 1V0

Dear Sir:

RE: Temporary Commercial Use Permit No. 2015-04 (the "Permit")

1. In consideration of the District of Hudson's Hope (the "District") accepting and processing the above application for a temporary commercial use permit, Prince Rupert Gas Transmission Ltd. (the "Permittee"), undertakes to, at the expiration of the Permit:
 - i. demolish and remove any building or structure on the lands as defined in the abovementioned Permit (the "Lands") except where those buildings and structures are owned by the owners of the Lands or were situated on the Lands prior to the issuance of this Permit; and
 - ii. restore the Lands to a condition satisfactory to the Approving Officer of the District.
2. The Permittee understands and accepts that if it fails to comply with the undertakings herein, the District may enter on the Lands and carry out the demolition, removal or restoration of the Lands at the expense of the Permittee.

This Undertaking is executed by the Permittee this _____ day of _____, 2015.

Prince Rupert Gas Transmission Ltd., per:

Authorized Signatory of
Prince Rupert Gas Transmission Ltd.

Printed Name of Signatory

Signed, sealed and delivered in the presence of:

Signature of Witness

Address of Witness

Printed Name of Witness

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LOCAL GOVERNMENT ACT
(Part 26)
NOTICE OF PERMIT

TO: Registrar
Land Title Office
153, 1011 4th Avenue
Prince George, BC, V2L 3H9

TAKE NOTICE that the land described below is subject to a permit issued by the Council of the District of Hudson's Hope.

PARTICULARS OF PERMIT

Permit Description

- (a) Type of Permit: Temporary Commercial Use Permit
- (b) Statutory Authority: section 921 of the *Local Government Act*

Legal Description of Land Affected:

PID 023-713-046
DISTRICT LOT 1282 PEACE RIVER DISTRICT

Issue Date: _____, 2015

Expiry Date: _____
(for Temporary Commercial or Industrial Permit only)

FURTHER PARTICULARS OF THE PERMIT MAY BE OBTAINED
FROM THE DISTRICT OF HUDSON'S HOPE

AND FURTHER TAKE NOTICE that in the case of a Temporary Commercial or Industrial Permit, you are hereby authorized to cancel the notation of the filing of this notice against the title to the land affected by it on or after the expiry date specified above without further application from us and we consent to a cancellation of the notation on the basis of effluxion of time.

USE THIS BOX ONLY FOR AN AMENDMENT TO A LAND USE CONTRACT BY WAY OF PERMIT UNDER s. 982 OF THE *LOCAL GOVERNMENT ACT*:

THIS NOTICE relates to the amendment of Land Use Contract No. _____, which is registered as a charge against the above described land.

PARTICULARS OF THE AMENDMENT MAY BE OBTAINED
FROM THE DISTRICT OF HUDSON'S HOPE.

Dated: _____

DISTRICT OF HUDSON'S HOPE

by _____
Clerk

Tract No. _____

Province of British Columbia

TEMPORARY INFRASTRUCTURE SITE LEASE

This Lease is dated and effective as of _____, 20_____.

BETWEEN:

(the “Lessor”)

AND

(the “Company”)

WHEREAS:

- A. The Lessor is the registered and beneficial owner of an estate in fee simple of those lands and premises situated in the province of British Columbia legally described as follows:

subject to such encumbrances, liens and interests as are at the date hereof set forth in the existing Certificate of Title Number _____ (the “Lands”).
- B. The Lessor and the Company entered into an option to lease agreement dated _____, 20____ (the “Option to Lease”), whereby the Lessor granted the Company an option to lease a certain portion or portions of the Lands.
- C. The Company has exercised the Option to Lease.
- D. Pursuant to section 99(1)(g) of the *Land Title Act* (British Columbia), the Company has a statutory right to acquire compulsorily a parcel smaller than the Lands.
- E. The Lessor has agreed to lease a certain portions of the Lands to the Company for the purposes outlined herein;

In consideration of the sum of One Dollar (\$1.00) paid by the Company to the Lessor, the receipt and sufficiency of which is hereby acknowledged by the Lessor, and of the mutual covenants and terms and conditions contained in this Lease, the parties therefore agree as follows:

1. Grant of Rights

The Lessor, for the compensation set out below, HEREBY GRANTS to the Company, for itself, its employees, agents, contractors, subcontractors, successors and assigns, the right of entry upon the Lands and does HEREBY LEASE to the Company that portion of the Lands as outlined on the drawing attached as Schedule A [for the purposes of ●[a stockpile site for pipe] [a laydown and storage yard] [field office] [work camp] [including the right of access thereto] (“Leased

Area”). [or where there are multiple sites insert: shown as Lease Area A for the purposes of ● [a stockpile site for pipe], Lease Area B for the purposes of ● [a laydown and storage yard] [field office], and Lease Area C for the purposes of ● [a work camp] and Lease Area D showing the right of access thereto], collectively called the “Leased Area”].

2. Term

The term of this Lease shall be _____ (____) year(s) and _____ (____) month(s) commencing on and including the ____ day of _____, 20____ (“**Commencement Date**”) to and including the ____ day of _____, 20____ (“**Term**”) subject, however, to rights of extension and earlier termination set forth in this Lease.

3. Compensation

The Company shall pay compensation (“**Compensation**”) to the Lessor as follows:

- (a) for the first year of the Term, within 30 days of the Commencement Date, annual rent for the Leased Area, in the amount of _____ Dollars (\$ _____) ● [for multiple areas insert: comprised of _____ Dollars (\$ _____) for Leased Area A, _____ Dollars (\$ _____) for Leased Area B and _____ Dollars (\$ _____) for Leased Area C,] plus any applicable goods and services tax (“**GST**”);
- (b) for each subsequent year of the Term, on or before the anniversary of the Commencement Date, annual rent for the Leased Area, in the amount of _____ Dollars (\$ _____) (\$ _____) ● [for multiple areas insert: comprised of _____ Dollars (\$ _____) for Leased Area A, _____ Dollars (\$ _____) for Leased Area B and _____ Dollars (\$ _____) for Leased Area C,] plus any applicable GST;
- (c) if the annual rent due on the Commencement Date or any subsequent anniversary thereof is for a period that is less than 365 days, then the instalment of rent payable for the broken portion of such year shall be calculated at a per diem rate of 1/365th of the annual rent as set out in subclause 3(a) or 3(b), as applicable; and
- (d) the Compensation payable under this section 3, shall represent full and final compensation for:
 - (i) damage to the Leased Area resulting from activities permitted under this Lease;
 - (ii) damages associated with the loss of use to the Lessor of the Leased Area;
 - (iii) adverse effect of the lease of the Leased Area on the remaining Lands of the Lessor; and

- (iv) any nuisance, inconvenience and noise that may reasonably be expected to be caused.

4. Extension of Term

Upon the expiration of the Term, the Company shall have the option to continue to lease and to use the Leased Area on a month to month basis under the same terms, conditions and covenants herein contained at a rental of _____ Dollars (\$ _____) per month payable in advance of the first day of each and every month during the continuance of use by the Company.

5. GST

The Company shall be responsible to pay to the Lessor all applicable GST payable pursuant to the Excise Tax Act (Canada) on all amounts payable hereunder by the Company to the Lessor.

6. Manner of Payment

All payments to be made by the Company under this Lease may be made by cheque on or before the due date by delivering or mailing a cheque to the Lessor at the address set out in subclause 24.2. When mailed, any such payment shall be deemed to be given to, and received by, the addressee seven (7) days after mailing.

7. Improvements

The Company may, at its option, make improvements to the Leased Area, including, without limitation, placing gravel or other surface materials on the surface of the Leased Area, constructing fences, or constructing any other improvements, provided such improvements reasonably relate to the Company's exercise of its rights hereunder. The Lessor may elect to either require that the Company: (i) subject to being permitted by law or regulation, leave such improvements after the expiration of the Term, or (ii) insofar as it is practical to do so and in accordance with clause 20 of this Lease remove such gravel or any other improvements and reclaim the Leased Area in accordance with clause 20 of this Lease. .

8. Assignment by Lessor

If the Lessor sells or otherwise divests or agrees to sell or otherwise divest all or any part of his interest in the Lands, the Lessor shall, as a condition precedent to such sale or divestiture, obtain from the Lessor's successor in interest ("**Lessor's Successor**") and provide to the Company prior to the completion of such sale or divestiture, an assignment and assumption agreement (in form and content satisfactory to the Company) in favour of the Company, whereby, among other things, the Lessor's Successor agrees to be bound to the Company by all of the provisions of this Lease.

9. Assignment by Company

The Company may, without any requirement to obtain the Lessor's consent, delegate, assign or convey to any other person, firm or company, all or any portions of the powers, rights and

interests obtained by or conferred upon the Company hereunder, and the Company shall be entitled to sublease all or any portion of the Leased Area without the consent of the Lessor, and the Company may enter into all agreements, contracts and writings and do all necessary acts and things to give effect to the provisions of this clause. The Company shall have the right to partially assign the Lease to different assignees as it relates to various portions of the Leased Area.

10. Quiet Enjoyment

The Lessor represents and warrants to the Company that it has good title to the Lands, has good right and full power to grant and lease the Lands, and that the Company, upon observing and performing in all material respects the agreements and obligations on the Company's part to be observed or performed hereunder, shall and may peaceably possess and enjoy the Leased Area and all of the rights and privileges granted during the Term and any extension thereof without any hindrance, interruption or disturbance from or by the Lessor or any person, firm or company claiming by, through or under the Lessor.

11. Taxes Paid by the Lessor

Subject to clause 12, the Lessor shall promptly pay and satisfy, prior to their due date, all taxes, rates, levies and assessments that may be assessed or levied against the Lands, including without limitation the Leased Area, during the continuance of this Lease.

12. Taxes Payable by Company

The Company shall pay all taxes, rates, levies and assessments that may be assessed or levied in respect of any and all machinery, equipment, structures and works placed by the Company in, on, over or under the Leased Area. In the event that any such taxes, rates, levies and assessments are not separately levied but form part of the levy or assessment for the Lands, then the Lessor, acting reasonably, shall be entitled to allocate such portion of the levy or assessment for the Lands as is reasonably allocable to such machinery, equipment, structures, and works.

13. Fencing

The Company shall, during the continuance of this Lease, construct, erect and put on or within the boundaries of the Leased Area a good and substantial fence if reasonably required by the Lessor, or if required by the Company. The Company will replace all fences which the Company may have removed for its purposes and repair all fences which it may have damaged.

14. Weed Control

The Company shall during the continuance of this Lease, be responsible for noxious weed control within the Leased Area.

15. Compensation for Other Damages

Other than in respect of those damages already compensated for by the Compensation in clause 3, the Company shall compensate the Lessor for all damages suffered as a result of the operations of the Company.

16. Indemnity

The Company shall indemnify the Lessor from and against all liabilities, damages, claims, suits or actions arising out of the use and occupation of the Leased Area by the Company. Such indemnity shall not extend to liabilities, damages, claims, suits or actions caused by or resulting from the negligence of the Lessor, its employees, agents, contractors or subcontractors.

17. Environmental Liabilities

17.1 In this Lease,

- (a) “**Environmental Contamination**” means the presence in the environment of any substance or mixture of substances that causes or may cause an adverse effect to the environment, human health, safety or property.
- (b) “**Environmental Law**” means all common law, statutes, regulations, governmental orders and directives respecting the protection or conservation of the environment, the control of contamination or pollution or the investigation, remediation or restoration of soil, air or water (including without limitation, ground water) applicable to the Leased Area.
- (c) “**Environmental Liabilities**” means any loss, claim, action, cost, demand, expense or damage which a party hereto, its present and future officers or directors, affiliates, officials, employees, agents and representatives may suffer as a result of Environmental Contamination, the mitigation, restoration or remediation of which is required by Environmental Law.

17.2 The Lessor represents and warrants that the Lessor has no knowledge of any Environmental Contamination located on, under or within the Leased Area or its groundwater.

17.3 Notwithstanding any other provision of this Lease, the Company and Lessor expressly agree as follows:

- (a) The Lessor shall be liable for and shall, in addition, indemnify and save the Company harmless from and against any Environmental Liabilities existing as of the date of execution of this Lease.
- (b) The Company shall be liable for and shall, in addition, indemnify and save the Lessor harmless from and against any Environmental Liabilities that are a result of the Company's use of the Leased Area.

- (c) The responsibilities of both the Lessor and the Company with respect to the environmental obligations contained herein shall survive the termination of this Lease and continue in full force and effect.

18. Removal of Equipment

The Company may at all times during the continuance of this Lease remove or cause to be removed from the Leased Area all buildings, structures, fixtures, material and equipment of whatsoever nature or kind, which it may have placed in, on, over or under the Leased Area or in, on, over, or under any area surrendered.

19. Surrender

- 19.1 The Company shall have the right at any time and from time to time to surrender all or any portion of the Leased Area by written notice to the Lessor and to terminate this Lease as it relates to the surrendered area.
- 19.2 Where the Company provides notice of termination to the Lessor, there shall be no refund to the Company of any payment already made by the Company to the Lessor.
- 19.3 If this Lease has been registered, then upon termination of this Lease the Company shall register in the appropriate Land Titles Office such documents as may be necessary to remove such registration from the title to the Lands.

20. Reclamation

Prior to the termination of this Lease, the Company shall conserve, reclaim and remediate the Leased Area affected by the exercise of the rights granted to the Company under this Lease in accordance with the legislation and regulations in force at the time of such termination.

21. Insurance

- 21.1 The Company shall obtain and keep in force during the Term comprehensive general liability insurance covering liability for bodily injury and property damage arising from the Company's operations under this Lease. The limit of this insurance shall not be less than five million dollars, inclusive, for any one occurrence unless otherwise agreed by the parties in writing. This policy shall provide coverage for liability assumed under this Lease.
- 21.2 The Company, upon request of the Lessor, shall furnish written documentation, satisfactory to the Lessor, evidencing the required coverage.
- 21.3 As an alternative to the five million dollar policy of comprehensive general liability insurance referred to in subclause 21.1, if acceptable to the Lessor, the Company may self-insure against the risks normally covered by such a policy.

22. Default and Sole Remedy

Notwithstanding anything herein contained to the contrary, the Company shall not be in default in the performance of any of its covenants or obligations under this Lease, unless and until the Lessor has notified the Company, in writing, of such default and the Company has failed to commence action to remedy the same within thirty (30) days of the receipt of such written notice. Further, any default shall not result in a termination of the Lease, and the sole remedy of the Lessor shall be to recover from the Company such amount and any interest payable, and in no event shall the Lessor for whatever reason, interfere with, hinder or interrupt the Company in its enjoyment of any of the rights and privileges granted hereunder.

23. Representations and Warranties

23.1 The Lessor represents and warrants that it has the right to lease the Leased Area free from all encumbrances, that it has done no act to encumber the Leased Area and that it has not granted any other rights to any third party that would conflict with the rights granted hereunder except for:

- (a) any interests or encumbrances registered on title to the Lands as of the date hereof; and
- (b) any interests or encumbrances disclosed to the Company by the Lessor prior to the date the Lessor executes this Lease.

23.2 The Lessor represents that the Lessor is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada) and that if the Lessor's status for income tax purposes changes, the Lessor will promptly notify the Company in writing.

24. Notices

24.1 All notices or payments required or permitted to be given under or in conjunction with this Lease shall be in writing and shall personally delivered, mailed by registered mail or faxed to the party to whom the notice is to be given and, when mailed, any such notice shall be deemed to be given to, and received by, the addressee seven (7) days (Saturdays, Sundays and statutory holidays in the province of British Columbia excluded) after the mailing thereof.

24.2 Unless changed by notice, the addresses of the parties shall be:

Lessor		Company	
:		:	
			450 – 1 st Street S.W.
			P.O. Box 1000, Postal Station
			M
			Calgary, AB T2P 4K5
			Attention: Land Department

Attention:

Fax Number:

Fax Number

25. Collection and Use of Personal Information

The Lessor consents to the collection, use and disclosure of the Lessor's personal information as described within this Lease as long as the Lease is in force or as required by law. The Company collects, uses and discloses the personal information for land rights acquisition and regulatory disclosure as described in this Lease, in accordance with industry practice and as required by law. The Company collects, uses, discloses and maintains personal information in accordance with the *Personal Information Protection Act* and the Company's personal information policy.

26. Severability

If any provision of this Lease is invalid under any applicable statute or is declared invalid by a court of competent jurisdiction, then it shall be deemed to be severed herefrom, provided, however, that the remainder of this Lease shall continue in full force and effect.

27. General

27.1 Wherever the singular or masculine is used, it shall be construed as if the plural or the feminine or the neuter, as the case may be, had been used, where the context of the party or parties so require, and this Lease shall be construed as if the grammatical and terminological changes thereby rendered necessary had been made.

27.2 The Lessor will, from time to time, execute such further assurances of the rights granted herein as may be required by the Company. Without limiting the foregoing, the Lessor hereby agrees from time to time to execute and deliver all such additional documents, instruments and agreements and to take all such additional steps and actions as may be reasonably required to fully implement the terms of agreement.

27.3 This Lease shall extend to, bind and enure to the benefit of the heirs, executors, administrators, successors and assigns (as the case may be) of each of the parties hereto.

28. Entire Agreement

This Lease sets forth the entire agreement and understanding between the parties as to the subject matter contained herein, and the Lessor agrees that there are no representations affecting this Lease, other than as contained herein.

29. Governing Law

This Lease shall be governed by and construed in accordance with the laws in force in the province of British Columbia and the federal laws of Canada applicable therein.

30. Facsimile and Counterpart

This Lease may be executed and delivered (including by facsimile or other electronic transmission) by the different parties hereto in separate counterparts, each of which will, when executed, be deemed an original and all of which taken together will constitute one and the same agreement.

IN WITNESS WHEREOF the parties hereto have executed this Lease.

Date executed by Lessor: _____, 20__

SIGNED AND DELIVERED
by the Lessor in the presence of

Witness	Name:
Print Name:	

Witness	Name:
Print Name:	

OR

Witness		Per:
Print	Name:	Print Name:
		Position Title:

Witness		Per:
Print	Name:	Print Name:
		Position Title:

I/We have authority to bind the corporation

Date executed by Company: _____, 20__

Per: _____

Per: _____

I/We have authority to bind the corporation

Schedule "A"

Plan of Leased Area



LICENCE OF OCCUPATION

Licence No.: **815070** File No.: 8015158
Disposition No.: 879513

THIS AGREEMENT is dated for reference March 14, 2011 and is made under the *Land Act*.

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, represented by the minister responsible for the *Land Act*, Parliament Buildings, Victoria, British Columbia

(the "Province")

AND:

[REDACTED]

450 1 Street SW
PO Box 1000 Stn M
Calgary, AB T2P 4K5

(the "Licensee")

The parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 In this Agreement,

- **"Agreement"** means this licence of occupation;
- **"Commencement Date"** means March 14, 2011;
- **"disposition"** has the meaning given to it in the *Land Act* and includes a licence of occupation;
- **"Fees"** means the fees set out in Article 3;
- **"Improvements"** includes anything made, constructed, erected, built, altered, repaired or added to, in, on or under the Land, and attached to it or intended to become a part of it, and also includes any clearing, excavating, digging, drilling, tunnelling, filling, grading or ditching of, in, on or under the Land;

- (ii) within 365 days, remove from the Land any Improvement you want to remove, if the Improvement was placed on or made to the Land by you and you are not in default of this Agreement,
- (iii) not remove any Improvement from the Land if you are in default of this Agreement, unless we direct or permit you to do so under paragraph (iv),
- (iv) remove from the Land any Improvement that we, in writing, direct or permit you to remove, other than any Improvement permitted to be placed on or made to the Land under another disposition, and
- (v) restore the surface of the Land as nearly as may reasonably be possible to the same condition as it was on the Commencement Date, to our satisfaction, but if you are not directed or permitted to remove an Improvement under paragraph (iv), this paragraph will not apply to that part of the surface of the Land on which that Improvement is located,

and all of your right, interest and estate in the Land will be absolutely forfeited to us, and to the extent necessary, this covenant will survive the termination of this Agreement.

- 4.2 You will not permit any person to do anything you are restricted from doing under this Article.
- 4.3 We will not do anything on the Land that will interfere materially with the Improvements or your use of the Improvements, or that creates a public hazard.

ARTICLE 5 - LIMITATIONS

5.1 You agree with us that

- (a) we are under no obligation to provide access or services to the Land or to maintain or improve existing access roads;
- (b) this Agreement is subject to
 - (i) all subsisting dispositions and 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*, *Wildlife Act* or *Water Act*, or any extension or renewal of the same, whether or not you have actual notice of them, and
 - (ii) the exceptions and reservations of interests, rights, privileges and titles referred to in section 50 of the *Land Act*;

than a telecommunications purpose which is necessary for your operation of the Improvements;

- (k) this Agreement is subject to the prior rights of the holder of the Oil and Gas Commission tenure on file 9608074 issued to ARC Resources Inc. for campsite purposes, tenures on file's 9623716 and 9607587 issued to Encana Corporation for wellsite purposes, tenure on file 8008855 issued to Suncor Energy Inc. for quarry purposes and to Oil and Gas Commission applications on files's 9616777 and 9626035 applied for by Encana Corporation for pipeline purposes;
- (l) you will not remove or permit the removal of any Improvement from the Land except as expressly permitted or required under this Agreement;
- (m) any interest you may have in the Improvements ceases to exist and becomes our property upon the termination of this Agreement, except where an Improvement may be removed under paragraph 4.1(q)(ii), (iii) or (iv) in which case any interest you may have in that Improvement ceases to exist and becomes our property if the Improvement is not removed from the Land within the time period set out in paragraph 4.1(q)(ii) or the time period provided for in the direction or permission given under paragraph 4.1(q)(iii); and
- (n) if, after the termination of this Agreement, we permit you to remain in possession of the Land and we accept money from you in respect of such possession, a tenancy from year to year will not be created by implication of law and you will be deemed to be a monthly occupier only subject to all of the provisions of this Agreement, except as to duration, in the absence of a written agreement to the contrary.

ARTICLE 6 - SECURITY AND INSURANCE

- 6.1 On the Commencement Date, you will deliver to us security in the amount of [REDACTED] which will
- (a) guarantee the performance of your obligations under this Agreement;
 - (b) be in the form required by us; and
 - (c) remain in effect until we certify, in writing, that you have fully performed your obligations under this Agreement.
- 6.2 Despite section 6.1, your obligations under that section are suspended for so long as you maintain in good standing other security acceptable to us to guarantee the performance of your obligations under this Agreement and all other dispositions held by you.
- 6.3 We may use the Security for the payment of any costs and expenses incurred by us to perform any of your obligations under this Agreement that are not performed by you or to pay any

