

THE MGP EXCHANGE

A PROJECT UPDATE FOR NORTHERN CANADIANS
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Mackenzie
Gas Project

National Energy Board Approves the Mackenzie Gas Project

On March 10, 2011, the National Energy Board (NEB) issued a Certificate of Public Convenience and Necessity for the Mackenzie Valley Pipeline and approvals for the other parts of the Project.

In their reasons for decision, the NEB found that the Project is in the public interest and should be approved. The NEB concluded that the benefits of the Project are large and varied and that the negative impacts can be minimized to an acceptable level. The report states that the Project would improve social conditions and will contribute to strong, self-reliant communities that continue to take care of the land and the people in the North.

The 270 conditions attached to the decision, together with the project design, will address concerns regarding the environmental impacts.

The NEB determined that the economic benefits are real and stretch across Canada, especially in the North; such as:

- Opportunities for employment, contracting, provision of supplies and services
- General increase in economic activity in the North
- Dividends from the Aboriginal Pipeline Group (APG)
- \$500 million Federal Government - Mackenzie Gas Project Impacts Fund
- Payments under the Access and Benefits Agreements
- \$70 million annual revenue to the Northwest Territories government during the operations phase

The report notes that the NEB will conduct reviews to ensure the Project is built and operated safely.

Going Forward, the Project Schedule

The Project filed a schedule update with the National Energy Board in March 2010 titled 'Earliest Possible Schedule'. This schedule assumed that the NEB decision would be issued in September 2010, and that the fiscal framework discussions with the Federal Government would also be concluded in September. Both of these items need to be in place before the Project will re-staff and restart work on the project design and execution planning.

It will take three years from restart required for the Project to move into the construction phase. In those three years, the following activities would take place:

Year One: Re-staff project teams, select prime contractor, prepare field programs.

Year Two: Conduct field programs, progress engineering, finalize right-of-way, submit Permit Applications.

Year Three: Regulators process Permit Applications, continue engineering, update cost estimate.

MGP Leadership Change

Since 2000 Randy Ottenbreit was leading the development of the Mackenzie Gas Project. Over the last decade Randy had spent a lot of time in the Northwest Territories developing relationships with people across the North. Randy elected to retire at the end of 2010.

Heather Marreck has assumed the position of Project Development Executive as of January 1, 2011. Heather has been working on the Project since 2004.

Heather Marreck (left) and Randy Ottenbreit (right) during the NEB Final Argument in 2010.



Unless the National Energy Board decides to extend the deadline, the Certificate of Public Convenience and Necessity will expire if construction has not started before December 31, 2015.

The Reasons for Decision can be found on the National Energy Board website (www.neb.gc.ca) as well as links on the Mackenzie Gas Project website (www.mackenziegasproject.com). Contact information is provided for acquiring paper copies.

Answers to some Project Questions you have been asking ...

Why are we building a natural gas pipeline if shale gas is readily available at a large volume?

The Project filed a North American natural gas supply and demand study with the National Energy Board in March 2010. This study indicates that natural gas from the MGP will be required to meet demand for natural gas by the end of this decade.

Will there be a winter work program next year?

Depending on how quickly we can conclude discussion with the Federal Government. However, unless we get an agreement very shortly, we will not be able to do a work program in the winter of 2011 - 2012.

Are the regional offices still open?

Yes.

Clarify what type of decision will take place in 2013 versus 2015.

At year-end 2013, the National Energy Board has required the Project to report on the status of our decision to construct. This was the earliest possible timing for a decision to construct in the schedule that we filed with the NEB in March 2010. This schedule assumed the Project would restart in the 4th quarter of 2010 and we have already experienced several months of delay. At year-end 2015, if construction has not begun our permit will expire. The NEB may decide to issue an extension.

What is the Project asking the Federal Government for?

Our discussions with the government are confidential.

Once we have an agreement with the Government of Canada, we will re-staff the project teams, begin engineering, and start planning for field work programs.

Negotiations continue with the Dehcho First Nations on Access and Benefits Agreements.

Photographs of the North

Inuvialuit
Swimming Point Pingo near Tuktoyaktuk



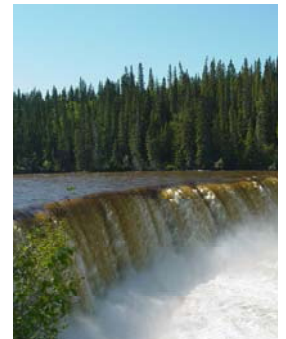
Gwich'in
Tsiigehtchic sign overlooking Ghost Lake



Sahtu
Mackenzie River in Fort Good Hope



Deh Cho
Lady Evelyn Falls near Kakisa



Next Steps

Now that we have received the Certificate of Public Convenience and Necessity and the other four primary approvals, we will continue discussions with the Federal Government on the appropriate fiscal framework.

Questions or Comments?

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