



Bart Cahir
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August 20, 2015

National Energy Board
517 Tenth Avenue S.W.
Calgary, Alberta T2R 0A8

Via Electronic Filing and Courier

Attention: Ms. Sheri Young
Secretary of the Board

Ms. Young:

Re: Mackenzie Gas Project – Sunset Clause Extension

In the Mackenzie Gas Project Reasons for Decision (GH-1-2004, Volume 2, Appendix K, page 264 and Appendix M, page 284), the National Energy Board included the following Sunset Clause in the approvals for the Mackenzie Valley Pipeline (MVP) and the Mackenzie Gathering System (MGS):

Unless the NEB otherwise directs, this Certificate shall expire on 31 December 2015 unless construction in respect of the Mackenzie Gas Project has commenced by that date.

Imperial Oil Resources Ventures Limited, on behalf of the MVP proponents and the MGS proponents, advises that due to the current challenging North American natural gas market conditions a decision to construct the project has not yet been made. As a result, construction of the Mackenzie Gas Project (MGP) will not begin prior to December 31, 2015. The proponents request an extension of the Sunset Clause to December 31, 2022 to provide time to determine if the currently oversupplied North American natural gas market will recover sufficiently to warrant a resumption in the project work. The proponents continue to believe that the answer to the Board's 2010 question "*whether the North and Canada would be better off with the project than without the project*"⁽¹⁾ remains, "*the North and Canada would be better off with the project*".

Other than timing, the MGP proponents do not envision any material changes to the proposed project. Anticipated socio-economic, environmental and cultural impacts are expected to be consistent with those identified in the 2004 application and subsequent hearings and reviews.

Natural gas pricing has continued to decline from 5-7 US\$/MMBtu when the NEB application was filed in 2004 to less than 3 US\$/MMBtu today (see Attachment 1). Technology advances have accelerated development of unconventional natural gas supplies, fundamentally impacting the North American natural gas supply demand balance. While the North American natural gas market continues to be oversupplied, the outcome of numerous proposed liquefied natural gas (LNG) projects could result in improved economic outlooks for North American gas. As the Board's report stated in 2013, "Proposed LNG export facilities represent large new natural gas demands, but involve long lead times to obtain approvals, establish overseas markets, and construct facilities"⁽²⁾. Firm commitments to multiple LNG projects will be required to support a recovery in natural gas prices.

When natural gas markets recover, and a decision is made to proceed, the MGP proponents would require approximately four years for pre-construction activities including fiscal framework discussions,

detailed engineering and extensive permitting. As a result, 2022 is expected to be the earliest possible construction start. An updated project schedule is included as Attachment 2.

From the start of the feasibility study in early 2000 to the Board's issuance of the Certificate of Public Convenience and Necessity GC-116 in March 2011, significant monetary and human resources have been invested, by Northerners, both leaders and community members, by project proponents and interested companies, by regulators and by governments to develop the MGP approvals and conditions. With an extension of the Sunset Clause, this effort will be retained and not be lost. The cost and time required to start over would be a significant deterrent to future development of resources in the Mackenzie Delta and in the Mackenzie Valley.

Discussions with Northerners this summer have found that broad support continues for the project and its potential to significantly enhance the economy in the western Northwest Territories. The proponents remain committed to working with Northerners to mitigate adverse project impacts and provide benefits to Northern residents and businesses. In addition to the Aboriginal Pipeline Group's support of this request as a project proponent, attached are letters of support from several Aboriginal communities and the government of the Northwest Territories.

The MGP proponents remain compliant with the regulatory conditions and obligations that apply to the project's five components – the three anchor fields, the Mackenzie Gathering System and the Mackenzie Valley Pipeline. The Board can be satisfied that the proponents' ongoing compliance with the conditions attached to the regulatory approvals will ensure that MGP remains in the public interest. Commitments in Benefits and Access agreements with Northern aboriginal groups are also continuing to be met while Board approvals are in place.

In conclusion, the MGP proponents continue to believe that, despite current natural gas market-driven delays, the approved basin-opening project remains in the interest of Northerners and Canadians. The original approvals gave *Mackenzie Delta gas an opportunity to compete*⁽³⁾. An extension of the Sunset Clause to 2022 will maintain that opportunity.

Please direct future correspondence on this matter to Rick Gallant, who can be reached by e-mail at rick.j.gallant@esso.ca or by phone at 587-476-2400.

Sincerely,

(Original signed by)

Bart Cahir
Sr. Vice President - Upstream
Imperial Oil (on behalf of the proponents of the Mackenzie Gas Project)

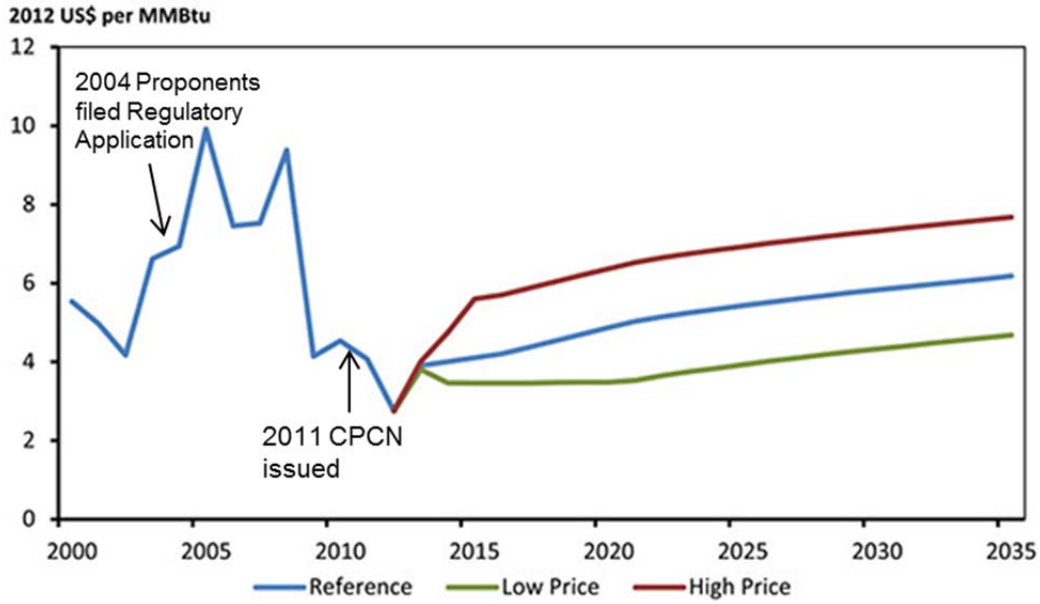
References

- (1) NEB GH-1-2004, Volume 1 - Reasons for Decision Page 74
- (2) NEB Short-term Canadian Natural Gas Deliverability 2015-2017
- (3) NEB GH-1-2004, Volume 1 - Reasons for Decision Page 78

Attachments:

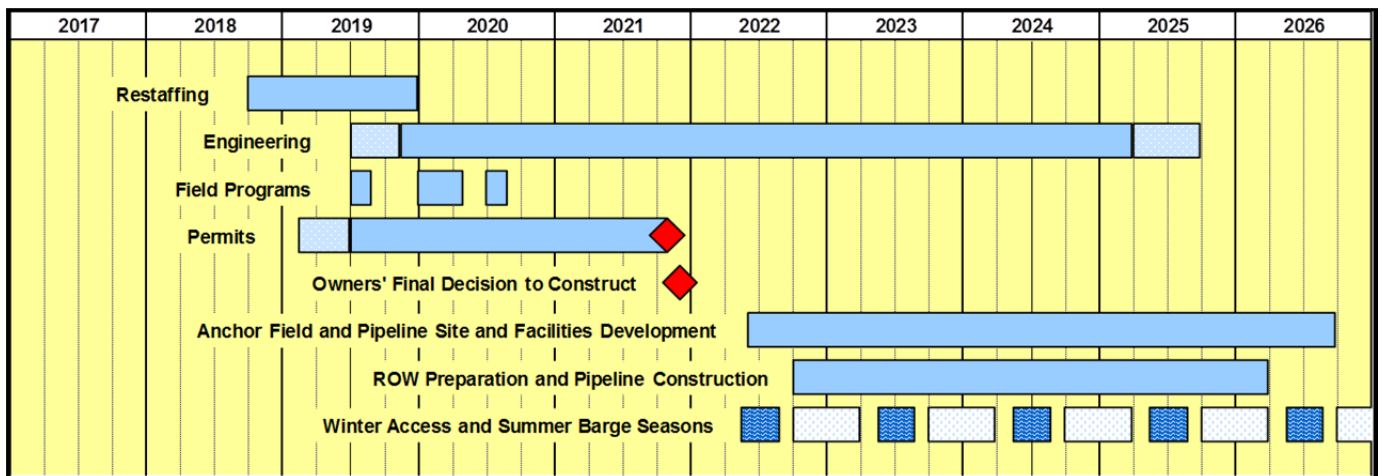
Attachment 1 – Natural Gas Pricing
Attachment 2 – Updated MGP Schedule (2022 Start of Construction)
Letters of Support

Attachment 1 – Natural Gas Pricing



Source: NEB Energy Outlook 2013

Attachment 2 – Updated MGP Schedule (2022 Start of Construction)





Inuvialuit Regional Corporation

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Bart Cahir
Sr. Vice President – Upstream
Imperial Oil Limited
P.O Box 2480
Calgary AB, T2P 3M9

Dear Mr. Cahir,

We support the proposed extension to the Mackenzie Gas Project CPCN in order to allow future development of the project. The MGP is an important project for the Northwest Territories and Canada as a whole, bringing with it significant economic benefits and the opportunity for a strong future for Northerners and other Canadians. It is a precedent-setting Project as it is the first in Canada (and perhaps globally) where Aboriginal people have significant ownership and meaningful participation in a venture of this kind. Furthermore, many years of hard work and investment have gone into the venture.

The formation of the Aboriginal Pipeline Group was an exceptional achievement and stands as an example of the hard work that has gone into the MGP. Three geographically remote and culturally different aboriginal groups were able to agree upon a fair ownership share between the groups and then successfully negotiate with four multi-national oil companies for a one-third ownership share in the project, which includes Board representation and participation on all working committees.

Centrally important, individual Access and Benefits agreements have been negotiated and a \$500 million Mackenzie Gas Projects Impact Fund has been established by federal legislation for the long term benefit of the groups. These feats are unique and were not easy to bring to conclusion. We feel strongly that these groundbreaking agreements and funds must be protected so that we may realize the promises contained therein. Without the extension of the CPCN, these achievements will be lost.

Overall, we feel the North and the rest of Canada is better off with the Mackenzie gas project than without it.

Sincerely,

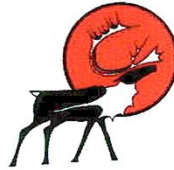
(Original signed by)

Nellie Cournoyea
Chair and CEO
Inuvialuit Regional Corporation

cc Rick Gallant
NEB
APG

Gwich'inat Eenjit
Gàdatr'igwijiłcheii Gidilii

*Gwich'in nan, nakhwek'yùu ts'àt gwitr'it
tthak nakhwidavee gwiheezàa eenjit*



Gwich'in Tribal Council

Gwich'in land, culture & economy for a better future

Bart Cahir
Sr. Vice President - Upstream
Imperial Oil Limited
P.O Box 2480
Calgary AB, T2P 3M9

August 18, 2015

Dear Mr. Cahir

We support the proposed extension to the Mackenzie Gas Project CPCN in order to allow future development of the project. The MGP is an important project for the Northwest Territories and Canada as a whole, bringing with it significant economic benefits and the opportunity for a strong future for Northerners and other Canadians. It is a precedent -setting Project as it is the first in Canada (and perhaps globally) where Aboriginal people have significant ownership and meaningful participation in a venture of this kind. Furthermore, many years of hard work and investment have gone into the venture.

Overall, we feel the North and the rest of Canada is better off with the Mackenzie gas project than without it.

Sincerely,

(Original signed by)

James Wilson
President
Gwich'in Tribal Council

CC: Rick Gallant, NEB, APG
Brian Penney, Gwich'in Development Corporation



THE PREMIER OF THE NORTHWEST TERRITORIES

RECEIVED
MAR 16 2015
BART CAHIR

MAR - 6 2015

Mr. Rich Kruger
Chairman, President and CEO
Imperial Oil Limited
P.O. BOX 2480
CALGARY AB T2P 3M9

Dear Mr. Kruger:

Mackenzie Gas Project

I am writing this letter to encourage the Mackenzie Gas Project (MGP) Proponents to consider seeking an extension to the Certificate of Public Convenience and Necessity (CPCN), which is set to expire on December 31, 2015.

The MGP remains an important project for the Northwest Territories, one that would bring great opportunity to all sectors of our economy. It is also a project that remains very important to our Aboriginal partners, represented in this initiative through the Aboriginal Pipeline Group.

In light of the significant investment already made to date in order to acquire the CPCN, I also believe that the Proponents have much to gain and nothing to lose by continuing to hold the CPCN.

I am aware that the project Proponents are looking into other options for the MGP, including the possibility of Mackenzie gas as a supply source for proposed liquid natural gas export facilities on Canada's west coast, which we as a government would also support.

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YELLOWKNIFE, NT
CANADA X1A 2L9
Telephone (867) 669-2311
Facsimile (867) 873-0385

I would ask the MGP Board to continue to work to move the project forward, with the full knowledge that the Government of the Northwest Territories continues to support the MGP.

Sincerely,

Original Signed By
ROBERT R. McLEOD

Robert R. McLeod

c. Honourable David Ramsay
Minister of Industry, Tourism and Investment

Mr. Bart Cahir
Senior Vice-President, Upstream
Imperial Oil Limited

Ms. Sheila Reader
Vice President, Exploration and Arctic Canada
ConocoPhillips Canada

Mr. Allen Adrian
Exploration Geoscientist – Americas
Shell Canada

Mr. Fred Carmichael
Chair
Aboriginal Pipeline Group



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August 24, 2015

Bart Cahir
Sr. Vice President – Upstream
Imperial Oil Limited
P.O Box 2480
Calgary AB, T2P 3M9

Dear Mr. Cahir

We support the proposed extension to the Mackenzie Gas Project CPCN in order to allow potential development of the project. The MGP is an important project for our region, bringing with it significant economic benefits and the opportunity for a strong future for our residents (or communities). Much work has gone into MGP to date and we do not want to start all over again at some point in the future. Overall, we feel the North is better off with the MGP than without it.

Sincerely,

(Original signed by)

Clarence Campbell
President
cc's
Rick Gallant
NEB
APG
