NATIONAL ENERGY BOARD

IN THE MATTER OF the *National Energy Board Act*, being Chapter N-7 of the Revised Statutes of Canada, as amended, and the Regulations made thereunder;

AND IN THE MATTER of an Application by NewTimes Energy Ltd pursuant to Section 117 of the Act for a licence authorizing the exportation of liquefied natural gas.

TO: Ms. Sheri Young
Secretary of the Board
National Energy Board
517 Tenth Avenue S.W.
Calgary, Alberta T2R 0A8

APPLICATION

OF

NewTimes Energy Ltd

FOR A LICENCE TO EXPORT LIQUEFIED NATURAL GAS

FILED: February 11, 2015

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I. APPLICATION

1. NewTimes Energy Ltd ("NewTimes" or the "Applicant") 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 to export liquefied natural gas ("LNG") in accordance with the following terms and conditions:

Duration:	A period of 25 years commencing on the date of first export of LNG under the Licence
Early Expiration:	The Licence shall expire 10 years from the date of issuance of the Licence if exports of LNG have not commenced on or before that date, unless otherwise authorized by the Board
Term Quantity:	The quantity of LNG that may be exported over the term of the Licence, after allowing for Ramp-Up, shall not exceed 398 400 000 10^3 m^3 (or 14 064 Billion cubic feet (“Bcf”)) in gaseous form or 300 million metric tonnes ("MMt") in liquid form with a 15 percent tolerance in order to accommodate operating variables, which is 458 160 000 10^3 m^3 (or 16173.6 Bcf) in gaseous form or 331.2 MMt in liquid form.
Annual Quantity:	Subject to the Annual Tolerance, the quantity of LNG that may be exported shall not exceed 16 600 000 10^3 m^3 (or 586 Bcf) in gaseous form or 12 MMt in liquid form in any 12-month period.
Annual Tolerance:	The quantity of LNG that may be exported in any 12-month period may exceed the annual maximum by 15 percent in order to allow for operational and design optimization, variability in gas specification, and operating and maintenance variables (the "Annual Tolerance"), that is 19 090 000 10^3 m^3 (or 673.9 Bcf) in gaseous form or 13.8 MMt in liquid form after allowance for the requested tolerance.
Ramp-Up:	Subject to the Annual Tolerance, the ramp-up quantity of LNG that may be exported is as follows: Not to exceed 5 533 000 10^3 m^3 (or 195.3 Bcf) in gaseous form or 4 MMt in liquid form in 2019; Not to exceed 11 067 000 10^3 m^3 (or 390.7 Bcf) in gaseous form or 8 MMt in liquid form in 2020; Not to exceed 16 600 000 10^3 m^3 (or 586 Bcf) in gaseous form or 12 MMt in liquid form as of 2021 until the end of the term in 2043.

Export Point: The point of export from Canada shall be at the outlet of the loading arm of the natural gas liquefaction plant ("Export Point") to be located in the vicinity of Prince Rupert, British Columbia ("BC"), Canada;

and such further and other related relief as may be requested herein and as the Board may consider appropriate in the circumstances

2. This Application is made pursuant to the National Energy Board with regard to:

   a. Section 118 of the NEB Act specifies what the Board is legally mandated and authorized to consider for an LNG export licence application, which is referred to as the Surplus Criterion, reads as "On an application for a licence to export oil or gas, the Board shall satisfy itself that the quantity of oil or gas to be exported does not exceed the surplus remaining after due allowance has been made for the reasonably foreseeable requirements for use in Canada, having regard to the trends in the discovery of oil or gas in Canada";

   b. The filing requirements set out in Guide Q of the Board's Filing Manual ("Filing Manual")[1] and specifically the requirements to provide (1) The source and volume of gas to be exported; (2) A description of gas supplies expected to be available to the Canadian market over the requested term; (3) A description of expected gas requirements for Canada over the requested licence term; and (4) the Implications of the proposed export volumes on the ability of Canadians to meet their gas requirements;

   c. The Interim Memorandum of Guidance Concerning Oil and Gas Export Applications and Gas Import Applications under Part VI of the National Energy Board Act ("Interim MOG") issued by the Board on July 11, 2012; and

   d. The Board's Letter Decision dated February 4, 2013 respecting the export application of LNG Canada Development Inc. ("LNG Canada") as ("Recent Decisions")[2].

[1] available online: National Energy Board <*http://www.neb-one.gc.ca/clf-nsi/rpblctn/ctsndrgltn/flngmnl/flngmnl-eng.pdf*>

[2] available online: National Energy Board (*https://www.neb-one.gc.ca/pplctnflng/rgltrdcmnt/rcntdcsns-eng.html*)

3. It is submitted that this Application and the supporting Appendices demonstrate that the quantity of gas to be exported by the Applicant does not exceed the surplus remaining after due allowance has been made for the reasonably foreseeable requirements for use in Canada, having regard to the trends in the discovery of gas in Canada, as required by section 118 of the NEB Act.

4. Consistent with the Filing Manual, the Interim MOG and the Recent Decisions, the Applicant seeks relief from the filing requirements contained in section 12 of the National Energy Board Act Part VI (Oil and Gas) Regulations ("Part VI Regulations"), except where those requirements are addressed in this Application.

5. The Applicant also requests exemptions from the reporting requirements set out in section 4 of the National Energy Board Export and Import Reporting Regulations ("Reporting Regulations"). The Applicant requests that its reporting requirements be limited to quarterly reporting of (i) aggregate volumes of gas exported; (ii) aggregate value of export revenue at the export point; (iii) average heating value of the gas exported; and (iv) aggregate export volume by country of destination.

II. APPLICATION OVERVIEW

6. The Applicant, NewTimes Energy Ltd, is a limited liability company registered, as a person, in British Columbia, Canada. The Applicant proposes to develop an LNG facility near the Port of Prince Rupert, BC (the "Project").

7. The LNG processing facilities under the Project are expected to be constructed, owned, and operated by partnerships or joint ventures owned directly by the Applicant and one (1) or more industry participants. The Application is designed to enable the commercial components of the Project to be structured with up to three increments or trains that correspond to the production increments of the proposed jetties and floating LNG (“FLNG”) vessel development and to accommodate an appropriate investment structure. The Applicant will tailor the Project to employ local expertise, the most modern technology, and marketing expertise for potentially two to three trains. The Applicant will leverage the expertise of anticipated industry participants and project stakeholders to create a qualified team for all stages of the Project’s development.

8. The proposed Project will be comprised of a natural gas liquefaction plant and associated port and infrastructure facilities to be expected to occur in 2019.

9. The annual outlet capacity of the Project at full build out is proposed to be 19 090 000 10^3 m^3.

10. The Applicant is currently in discussions and negotiations with a view to reaching agreement with a number of investors, gas suppliers, LNG purchasers, pipeline transmission companies, technology providers, land owners, terminal builders and shippers, which are top tier enterprises in their respective industries. As such, the particular business models have yet to be finalized. However, it is anticipated that between the various FLNG based projects, multiple export arrangements may be utilized.

11. Pursuant to the requested Licence, the Applicant itself, and as agent on behalf of affiliates and third parties, will export the LNG from Canada pursuant to the terms of the Licence.

12. Prospective LNG buyers are looking to acquire reliable long-term supply to meet growing demand in their downstream markets. Obtaining the Licence is an important threshold step in the development of the Project because it will facilitate NewTimes' ability to enter into long term sales agreements that will in turn enhance the viability of the Project.

13. The Applicant and any Project participants will hold 100% of the capacity of the Project and will take delivery of the LNG for sale to prospective buyers.

14. Canadian gas users have been made aware of the exportation proposed under the Licence by the filing of this Application. Further, the Applicant will publish public notices as directed by the NEB.

15. Third party gas purchased by Applicant or other Project participants will be acquired subject to the same conditions as are applicable to other large-volume Canadian gas users. The efficient Canadian and North American gas markets will ensure non-discriminatory treatment of all gas buyers and sellers.

III. SURPLUS DETERMINATION

16. As stated by the Board in the Interim MOG and the Recent Decisions, the role of the Board, in considering a gas export application, is to evaluate whether the gas to be exported is surplus to reasonably foreseeable Canadian requirements. To enable the Board to fulfill this mandate, the Applicant is providing herewith, responsive to the Filing Requirements summarized in paragraph 2. b. above, the following documentation:

    a. **Requirement #1, source and volume of the gas to be exported:** regarding the source of gas to be exported, the project will pursue a variety of natural gas sources to supply its needs for feedgas, including purchases from the continent-wide natural gas market, joint ventures for gas development and/or gas acquisition and production operations to be carried out by subsidiaries. The feedgas supply will be transmitted by pipeline to NewTimes FLNG location. Regarding the volume of gas to be exported, the quantities are as detailed in paragraph 1 above and as set out in the "***Appendix C - Spreadsheet of Gas Export Volumes Proposed.***"

b. **Requirements #2 and #3:** a report prepared for the Applicant by GIT entitled "***Appendix A: Natural Gas Supply and Demand Forecast to 2053 for NewTimes Energy Ltd by GIT***" is attached ("**Appendix A"** or **"Supply/Demand Forecast"**"). General Information Technology, Inc. (GIT) is registered in Virginia, U.S.A. with one of its business lines being in the field of Energy Investment and Trading since 1998[3].

c. **Requirement #4:** a report prepared for the Applicant by Roland Priddle entitled "***Appendix B: A Description of the Implications on the ability of Canadians to meet their natural gas requirements and an Assessment of whether this gas is surplus to reasonably foreseeable Canadian requirements*"** is attached ("**Appendix B"** or **"Implications Description and Surplus Evaluation**")

d. **References**: NewTimes Energy Ltd. will provide to the Board on request a document containing relevant extracts of all the references used in Appendix A and Appendix B, excluding references to NEB published Reports.

17. **Appendix A** or **Supply/Demand Forecast** concludes:

a. The gas resource base in Canada and North America is large in relation foreseeable demands on it, including the gas exports proposed by NewTimes Energy Ltd.

b. Past trends in the discovery of gas in Canada and North America have been favorable and, based on published information about the geological resource and the expectation of continuing technical improvement, there is every reason to believe that future trends will continue to be so.

c. Technological advancements in natural gas drilling and well completion methods have made it possible for producers to recover natural gas from shale and tight gas in Canada and North America resulting in potential supply being higher than demand.

d. The gas supply outlook from Canadian and North American sources is robust and NewTimes Energy Ltd. should be able to acquire adequate quantities of

[3] General Information Technology, Inc. (GIT), http://www.git-us.com

gas regardless what are the commercial mechanisms (for example: equity gas, market purchases, long-term supply arrangements with others) used to obtain those quantities.

e. Production forecasts are necessarily based on assumptions which carry some uncertainties. However, the supply outlook presented here is a global one relating to very large and varied Canadian and North American gas resources rather than on specific local reserves and resources, which increases GIT's confidence in them.

f. Given this favorable Canadian and North American resource situation and supply outlook, it is not expected that gas supply for Canada will be required from other global sources. Canada has the capability to import about 1 Billion cubic feet daily ("Bcf/d") from overseas by way of LNG. Seasonal-peak imports to serve local needs are a possibility but given the large price differentials between North American and global gas markets, differentials which are encouraging the development of Canadian LNG export potential, it is unlikely that there will be large-volume continuing base-load imports of LNG to meet Canadian gas requirements during the forecast period.

g. The industry has demonstrated remarkable technical progress, particularly in developing unconventional sources of gas which are going to be the predominant source of new supply as far ahead as one cares to look.

h. This technical progress can be expected to continue and the incremental cost of new production to replace LNG exported by NewTimes Energy Ltd is likely to be low. The incremental price impact of the NewTimes Project on natural gas prices over the forecast period will therefore be very limited.

i. The gas supplies available to the Canadian market, which include large volume supplies from western Canada as well as proximate sources in the U.S. such as the Marcellus formation, can easily accommodate reasonably foreseeable Canadian demand as well as the LNG exports proposed by NewTimes Energy Ltd and any plausible potential increase in demand.

j. The North American gas market is highly integrated, liquid, open and efficient.

k. North American gas demand growth will be driven primarily by gas-fired electrical generation, Canadian Oil Sands gas demand, and LNG export liquefaction.

l. Canadian gas demand is expected to increase at a modest rate due to energy efficiency, relatively slow growth of industrial demand and the impact of other sources of energy such as renewables. Canada's gas production will increase at a faster pace in the near future due to the demand for LNG exports but Canadians’ gas and energy consumption will grow only moderately due.

m. Any market impact from the proposed NewTimes Energy exports will be limited by the abundance of low cost gas resource available in western Canada and North America and the relatively modest amount of exports proposed.

n. Natural gas markets will continue to function over the forecast period with natural gas buyers and sellers establishing fair market prices based on supply and demand fundamentals.

o. GIT’s assessment indicates that the export of gas proposed by NewTimes will not cause Canadians any difficulty in meeting their natural gas requirements at fair market prices over the forecast period.

p. There is necessarily uncertainty regarding LNG exports from Canada over the term of the exports proposed by NewTimes. GIT’s demand projections are based on the assumption that the total quantity of gas so far licensed by the Board will be exported. The Board has received evidence in other licence applications which states that this is not likely. The Board in its Energy Future Report November 2013 assumes 3 Bcf/d by 2022. The Government of BC states that it is committed to having three LNG facilities in operation by 2020. The average size of the 10 projects licensed for export by the NEB is equivalent to about 2 Bcf/d which would mean a total of 6 Bcf/d during the 2020s. Clearly the gas resource base and the supply of gas available to Canada are sufficient to meet the needs of the Canadian internal market and to supply gas for LNG across this range of potential exports. It is noted for perspective that the United States Department of Energy, Office of Fossil Energy, has been using advice from the Energy Information Administration to “test” the effects of cumulative LNG exports of 6 and 12 Bcf/d on domestic energy markets.

q. Since international gas prices, especially North Asia, are higher than those in North America, there are increased business opportunities for producers and market participants to develop LNG export projects.

18. **Appendix B** or **Implications Description and Surplus Evaluation** concludes:

a. The Board’s confidence in the Canadian and North American gas resource and gas market functioning, as expressed in its first 21st century LNG licensing decision, has been well placed: production has expanded and Canadians have continued to be able to meet their gas requirements in an entirely satisfactory manner at prevailing market prices.

b. The implications on the ability of Canadians to meet their gas requirements are similar for NewTimes Energy Ltd's exports as for exports from the United States to overseas: the Board's surplus determination, while focusing on Canadian circumstances, must also be informed by the broad background of the integrated North American gas market.

c. Canadian and North American gas markets will adjust responsive to price signals affecting supply and demand, as they have done for decades: NewTimes Energy Ltd's exports, if permitted, would not have any implications in these areas that negatively affect the ability of Canadians to meet their gas requirements.

d. As to the Implications of the exports proposed by NewTimes Energy Ltd, they will not significantly affect the ability of Canadians to meet their gas requirements which will continue to be supplied from Canadian, United States and possibly overseas import sources, at prices determined in a large, efficient, competitive, flexible, liquid, integrated North American market.

e. There are no foreseeable plausible sensitivity cases that could invalidate the conclusion on Implications in sub-paragraph d. above and the assessment of surplus in sub-paragraph f. in respect of the applied-for NewTimes Energy Ltd exports.

f. Taking these considerations into account and having regard as well to the analysis and forecasts in the Supply/Demand Forecast Appendix A, the Board can confidently find that the gas applied to be exported by NewTimes Energy Ltd. is surplus to reasonably foreseeable requirement for use in Canada and that trends in the discovery of gas in Canada, and for that matter in North America as a whole, are positive and prospectively will remain so for any foreseeable future.

IV. SUBMISSION

19. It is respectfully submitted that the content of this Application document, supported by the assessments of **Appendix A** and **Appendix B,** as well as the ramp-up schedule of **Appendix C,** demonstrate that the quantity of gas to be exported by the Applicant does not exceed the surplus remaining after due allowance has been made for the reasonably foreseeable requirements for use in Canada, having regard to the trends in the discovery of gas in Canada.

V. RELIEF REQUESTED

The Applicant respectfully requests:

a) pursuant to Section 117 of the NEB Act, a Licence authorizing the Applicant to export LNG on its own behalf, and as an agent on behalf of affiliates and third parties, subject to the following terms:

Duration:	A period of 25 years commencing on the date of first export of LNG under the Licence
Early Expiration:	The Licence shall expire 10 years from the date of issuance of the Licence if exports of LNG have not commenced on or before that date, unless otherwise authorized by the Board

Gas volumes out of terminal proposed and adjusted for tolerance and ramp-up

Unit[4]	Produce	**Annual Quantity (** not exceed)			**Term Quantity** (not exceed)
		2019	2020	2021 – 2044	
MMt*	Planned	4.0	8.0	12.0	288.0
	Tolerance	0.6	1.2	1.8	43.2
	Total	4.6	9.2	13.8	331.2
$10^6 m^3$**	Planned	5533	11067	16600	398400
	Tolerance	830	1660	2490	59760
	Total	6363	12727	19090	458160
Bcf***	Planned	195.3	390.7	586.0	14064.0
	Tolerance	29.3	58.6	87.9	2109.6
	Total	224.6	449.3	673.9	16173.6

* **MMt** = million metric tonnes in liquid form
** **$10^6 m^3$** = million cubic metres in gaseous form
*** **Bcf** = billion cubic feet in gaseous form

[4] numbers are converted and rounded accordingly here via NEB's calculator: http://www.neb-one.gc.ca/nrg/tl/clcltr/clcltr-eng.html

Export Point: The point of export from Canada shall be at the outlet of the loading arm of the natural gas liquefaction plant ("Export Point") to be located in the vicinity of Prince Rupert, British Columbia ("BC"), Canada;

and such further and other related relief as may be requested herein and as the Board may consider appropriate in the circumstances

b) relief from the information requirements set out in section 12 of the Regulations, except where those requirements are specifically addressed in this Application;

c) relief from the information requirements set out in the Board's Filing Manual, except where those requirements are specifically addressed in this Application;

d) relief from the reporting requirements set out in section 4 of the Reporting Regulations as detailed in paragraph 5 of this Application; and

e) such further and other related relief as the Applicant may subsequently request or as the Board may consider appropriate.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 11th day of February, 2015.

Communications related to this Application should be directed to:

Ms. Connie Guo - Director Regulatory Affairs
NewTimes Energy Ltd
connie.guo@NewTimesEnergy.com

Mailing Address:
NewTimes Energy Ltd
999 Canada Place
Suite 404
Vancouver, BC
V6C 3E2
Canada