

NATIONAL ENERGY BOARD

IN THE MATTER OF the *National Energy Board Act*, RSC 1985, c N - 7 ("*NEB Act*"),
as amended;

AND IN THE MATTER OF an application by Canada Stewart Energy Group Ltd. for a
licence pursuant to section 117 of the *NEB Act* authorizing the export of liquefied natural
gas.

TO: Ms. Sheri Young, Secretary
National Energy Board
444 - 7th Avenue S.W.
Calgary, Alberta T2P 0X8

Canada Stewart Energy Group Ltd.

APPLICATION FOR LICENCE TO EXPORT LIQUEFIED NATURAL GAS

March 5, 2014

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I. APPLICATION

1. **Canada Stewart Energy Group Ltd.** ("**Stewart Energy**" 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**").

2. The terms and conditions the Applicant requests for the Licence include:

TERM: The term of the Licence shall be 25 years commencing on the date of first export of LNG under the Licence;

MAXIMUM ANNUAL QUANTITY: The quantity of LNG that may be exported in any consecutive 12 - month period shall not exceed 30 MMt (natural gas equivalent of approximately 1475 Bcf);

MAXIMUM TERM QUANTITY: The quantity of LNG that may be exported over the term of the Licence shall not exceed 750 MMt;

ANNUAL TOLERANCE: In any 12-month period, the quantity of LNG exported may exceed the annual quantity by 15 percent in order to accommodate operating variables;

EXPORT POINT: The point of export of the LNG from Canada will be at the outlet of the loading arm of the natural gas liquefaction terminal ("**Export Point**"), to be located near Stewart, British Columbia, Canada.

II. STEWART ENERGY PROJECT DESCRIPTION

i. Overview

3. The Stewart Energy LNG project ("**Project**") is proposed to be constructed and operated near Stewart, British Columbia. The Project will comprise floating and land-based natural gas liquefaction plants, LNG storage, and marine loading facilities. The liquefaction component will initially include floating LNG ("**FLNG**") with an annual capacity of 5 MMt commencing in 2017. The remaining 25 MMt liquefaction capacity will be met from 5 land based processing facilities ("**LNG Trains**").

4. Gas supply will be transported to the LNG Terminal by an approximately 800 kilometer long pipeline that will be permitted, built, and operated by a joint venture company consisting of Stewart Energy and a third party pipeline company.

5. Land based liquefaction trains, will require approximately 250 megawatts of power. Stewart Energy is considering various power supply alternatives including electric drives (by way of BC Hydro dedicated transmission line to Stewart), gas turbine power generation, or a combination thereof.

ii. Project Ownership

6. Stewart Energy is a Canadian corporation, registered in British Columbia. The Project will be further developed with other partners taking minority positions.

III. GAS SUPPLY

7. The Project will connect natural gas resources in the Western Canadian Sedimentary Basin (“WCSB”) with the growing global demand for LNG focusing initially on the Asia-Pacific.
8. At full capacity, the Project will be capable of producing 30 MMt of LNG or 4.04 Bcf/d.

IV. EXPORT ARRANGEMENTS

9. Off-take supply agreements have been signed with energy groups in two major cities in China.

V. TRANSPORTATION ARRANGEMENTS

10. The Applicant will export gas produced in the WCSB owned by Stewart Energy, project partners, and customers using the LNG Terminal on a tolling basis. The source gas for the LNG Terminal will be connected via pipeline to the WCSB via dedicated or pending pipeline infrastructure.

VI. MARKET-BASED PROCEDURE

i. Complaints Procedure

11. 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.
12. Natural gas supply for the LNG Terminal will be obtained by Stewart Energy on the same terms and conditions as other large-volume Canadian gas users. The competitive North American gas markets will ensure non-discriminatory treatment.

ii. Export Impact Assessment

13. Numerous recent reports and studies now part of the public record forecast natural gas supply and demand as late as 2050 and conclude the following:
 - North American and Western Canadian gas resources are robust and continue to grow due to new technologies;
 - There is an abundance of low cost natural gas supply available in North American and Canadian shale and unconventional gas plays, and North American and Western Canadian gas supply is not constrained to meet projected base demand and incremental demand from the Project over the forecast period;
 - Western Canada has potential for natural gas production far in excess of projected demand over the forecast period;
 - Canadian gas supply (including LNG imports) is expected to grow over the forecast period;
 - The North American gas market is highly competitive and open.

VII. RELIEF REQUESTED

14. The Applicant respectfully requests:

- (a) pursuant to section 117 of the NEB Act, a Licence subject to the following terms:
- i. **TERM:** The term of the Licence shall be 25 years commencing on the date of first export of LNG under the Licence;
 - ii. **MAXIMUM ANNUAL QUANTITY:** The quantity of LNG that may be exported in any consecutive 12 - month period shall not exceed 30 MMt (natural gas equivalent of approximately 1475 Bcf);
 - iii. **MAXIMUM TERM QUANTITY:** The quantity of LNG that may be exported over the term of the Licence shall not exceed 750 MMt;
 - iv. **ANNUAL TOLERANCE:** In any 12-month period, the quantity of LNG exported may exceed the annual quantity by 15 percent in order to accommodate operating variables;
 - v. **EXPORT POINT:** The point of export of the LNG from Canada will be at the outlet of the loading arm of the natural gas liquefaction terminal ("**Export Point**"), to be located near Stewart, British Columbia, Canada.
- (b) such further and other relief as the Applicant may subsequently request or the Board may consider appropriate.

All of which is respectfully submitted this 5th day of March, 2014.



Jialong Gong
Chairman and CEO
Canada Stewart Energy Group Ltd.

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