



Government
Energy, Mines and Resources
Oil and Gas Resources
Box 2703
Whitehorse, Yukon, Y1A 2C6
Telephone: (867) 667-5087
Fax: (867) 393-6262

LNG Facility Licence

No. 1139
Amendment No. 0

Oil and Gas Act
Oil and Gas Licence Administration Regulations OIC 2004/157 (OGLAR)
Gas Plant Processing Regulation OIC 2013/162 (GPPR)

Effective December 20, 2013

Pursuant to the *Oil and Gas Act* and s. 16 of the *GPPR*, a licence is hereby granted to

Licensee: Yukon Electrical Company Limited ("YECL")

Identification Code: 522740

Main Address: 100-1100 1st Avenue
Whitehorse, Yukon
Canada
Y1A 3T4

This Licence authorizes the activities described within the Licence Application for the following

Application Date: October 3, 2013

Facility Name: Watson Lake Bi-Fuel Project (the "Facility")

Description: YECL will use liquefied natural gas ("LNG") as a fuel source for power generation in the Watson Lake Power Plant, which requires construction and operation of facilities consisting of 55 m³ LNG storage, vaporization, distribution, and off-loading.

Street Address: 103 Kilowatt Lane, Watson Lake

Coordinates: 60° 3' 59.4" N and 128° 43' 17.8" W (NTS map sheet 105A02)

Legal Description: Lot 1032, Plan 88-103, Quad 105A02, Watson Lake

Reference Map: Drawing AT-0062-01 Revision 11 by JENMAR Concepts 2012/10/02

General Construction Contractor(s): To be determined

Construction Period: April 1, 2014 to December 31, 2014

Licence Expiry Date: December 20, 2038

Specific Conditions

1. Unless the Licensee provides to the Chief Operations Officer ("COO") a written statement confirming the name and qualifications of the General Construction Contractor of the Facility and the COO, in writing, approves of the information so provided, the COO may refuse to consider an application for the issuance of a Construction Authorization in respect of the Facility.
2. The Licensee shall not undertake any shop testing of the Facility, unless the Licensee has submitted to the COO for approval, a Quality Assurance Manual/Plan for shop testing.
3. Unless the Licensee provides to the COO the following documents and the COO, in writing, approves the documents so provided, the COO may refuse to consider an application for the issuance of an Operation Approval in respect of the Facility:
 - a. results of an electrical inspection based on CSA C22.1 – Canadian Electrical Code, of the LNG Off-loading System;
 - b. results of all inspections, pressure tests, leak tests, CRNs, piping data reports, shop authorization certificates;



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- c. an updated and consolidated Appendix A HSE Best Practices, as provided in the Licence Application, to reflect current Yukon legislation and regulations, and show both the LNG facility and existing diesel operations;
 - d. an updated and consolidated Appendix D Environmental Emergency Plan, as provided in the Licence Application which refers to: relevant Yukon legislation and regulations, includes ATCO Best Practice #902, and shows both the LNG facility and existing diesel operations;
 - e. an updated and consolidated Appendix F Operations and Maintenance Manual, as provided in the Licence Application; and
 - f. an updated and consolidated ATCO Corporate Best Practice #306, as provided in the Licence Application, to refer to relevant Yukon legislation and regulations, and associated protocols.
4. Upon the COO giving written approval to the Licensee in respect of any document contemplated in the above-noted specific conditions, that document shall form part of this Licence and where a specific condition indicates that a document to be provided is an "updated and consolidated" version of another document, the document so provided shall replace the document that is being updated and consolidated.

General Conditions

1. The Licensee shall not undertake any activity under this Licence unless it is undertaken in accordance with the *Oil and Gas Act* and regulations; the Licensee's Application (including the Application Form); any authorization issued in respect of the Facility, including this Licence, as amended from time to time; and any Directions or Orders of the Chief Operations Officer.
2. Any obligations of the Licensee that expressly or implicitly remain in force shall survive the termination or expiry of the Licence.
3. The Licensee shall conform to all applicable Federal, Territorial, and Municipal laws. An amended Licence supersedes all previous Licence amendments.



Kyle Rolling, P.Eng, Chief Operations Officer

DECEMBER 20, 2013

Date