

NOVA SCOTIA UTILITY AND REVIEW BOARD

**IN THE MATTER OF THE PIPELINE ACT AND
THE GAS PLANT FACILITY REGULATIONS**

- and -

IN THE MATTER OF AN APPLICATION by **MAYFLOWER LNG PTY LTD.** for approval of the transfer of a Permit to Construct issued to **BEAR HEAD LNG CORPORATION** respecting a Liquefied Natural Gas Plant ("LNG Plant") at Bear Head, near Point Tupper, Richmond County, Nova Scotia

BEFORE:



Roland A. Deveau, Q.C., Vice-Chair

ORDER

WHEREAS the Nova Scotia Utility and Review Board ("Board") issued the Permit to Construct LNG-BH-PC-01 to Bear Head LNG Corporation ("Bear Head LNG") on November 21, 2005, pursuant to s. 16 of the *Gas Plant Facility Regulations* ("*Regulations*"), authorizing the "pouring of concrete for the LNG storage tank foundations only" at Bear Head, near Point Tupper, Richmond County, Nova Scotia, which work was subsequently completed;

AND WHEREAS the Board issued Permit to Construct LNG-BH-PC-02 (the "Permit") to Bear Head LNG on June 6, 2006, authorizing the construction of an LNG plant, at the aforesaid Bear Head, as described in the application;

AND WHEREAS the Board amended the Permit on November 5, 2009, and December 13, 2012, extending the Permit to December 31, 2012, and then to December 31, 2015, respectively;

AND WHEREAS Mayflower LNG Pty Ltd. ("Mayflower"), a wholly owned subsidiary of Liquefied Natural Gas Limited ("LNGL"), has entered into a share purchase agreement with Anadarko Global Holdings Company ("Anadarko") for the acquisition of all of the issued and outstanding shares in the capital of Bear Head LNG, which transaction is expected to close before August 31, 2014 ("Transaction");

AND WHEREAS Mayflower applied to the Board on July 31, 2014, requesting its approval with respect to the deemed transfer of the Permit held by Bear Head LNG;

AND WHEREAS s. 16 of the *Pipeline Act* provides:

Alienation of permit or licence

16 No person shall transfer, assign or otherwise alienate a permit or licence except as prescribed.

AND WHEREAS s. 16 of the *Regulations* provides:

Transfer or assignment

16 (1) No person shall transfer or assign a permit or licence without the written approval of the Board, which shall not be unreasonably withheld.

(2) A permit or licence holder or proposed assignee of a permit or licence may apply to the Board for an amendment to the permit or licence to formally recognize the proposed assignee as the permit or licence holder.

(3) An assignee of a permit or licence is subject to the duties, obligations and liabilities of the original permit or licence holder and any further terms and conditions that may be imposed by the Board, and the assignor is relieved of the duties, obligations and liabilities under the permit or licence.

(4) Where there is a change in the name of the holder of a permit or licence, the holder of the permit or licence shall advise the Board in writing within 30 days of the change.

(5) The sale of a controlling interest of a partnership or company that holds a permit or licence or the transfer of a permit or licence from a parent company to a subsidiary is deemed to be a transfer requiring the written approval of the Board.

AND WHEREAS by letter dated July 28, 2014, LNGL confirmed its consent to the deemed transfer of the Permit, and indicated its intent to cause Bear Head LNG to “immediately recommence design and development activity in respect of the proposed LNG facility to be located at Bear Head in Richmond County”;

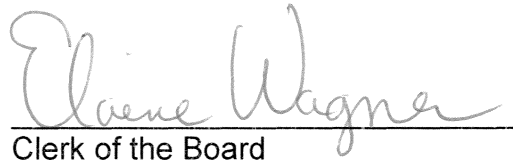
AND WHEREAS the Board is satisfied that it should grant its approval to the Transaction’s deemed transfer of the Permit, pursuant to the *Pipeline Act* and the *Gas Plant Facility Regulations*;

NOW THEREFORE IT IS ORDERED that the deemed transfer of Permit to Construct LNG-BH-PC-02, is approved, pursuant to s. 16(5) of the *Regulations*, subject to the following terms and conditions:

1. Notwithstanding any other provision in this Order, all the terms and conditions set out in the Permit issued by the Board remain in full force and effect.
2. The Board shall be notified immediately of the closing of the Transaction.
3. Immediately upon the closing of the Transaction, Bear Head LNG shall cause to be filed with the Board, in a form satisfactory to the Board, an irrevocable letter of credit in favour of the Board, drawn on a Canadian chartered bank, in a minimum amount of \$500,000, as replacement security for a surety bond currently in effect.
4. This Order shall become effective immediately upon satisfaction of Condition No. 3 above.

IT IS FURTHER ORDERED that Bear Head LNG shall file with the Board, no later than September 30, 2014, proof, satisfactory to the Board, of liability insurance in a minimum amount of \$20 million relating to the construction of the proposed works. In the event construction commences prior to September 30, 2014, proof of such insurance shall be filed with the Board before construction commences.

Dated at Halifax, Nova Scotia, this 14th day of August, 2014.


Clerk of the Board