

Kitimat LNG Community News



Community News is a quarterly newsletter for our neighbours

ISSUE #7
SPRING 2016

Message from Alan Dunlop, General Manager



Reading current headlines about energy prices, many people may be wondering what the future holds for B.C.'s emerging liquefied natural gas (LNG) industry. Chevron and our co-venturer Woodside remain focused on developing a globally competitive Kitimat LNG project at a

pace that recognizes current energy market realities. While market conditions for LNG are challenged at this time, we believe the long-term outlook for exporting B.C.'s abundant natural gas to Asia as LNG remains strong.

Proposed B.C. LNG projects need to be cost competitive relative to other global LNG suppliers and our efforts in 2016 are directed at identifying ways to reduce costs and strengthen the overall competitiveness of the project.

This year, Kitimat LNG will be continuing with engineering and design work that is focused on finding additional ways to reduce costs for the proposed LNG plant and Pacific Trail Pipeline and on the appraisal of the natural gas resources in the Liard Basin in northeastern B.C. We will also be advancing our LNG marketing efforts and continuing to work with governments to establish a clear, stable and competitive fiscal framework.

In continuing a significant capital spending program on Kitimat LNG in 2016, Chevron and Woodside will build on the major milestones that have already been accomplished by the Kitimat LNG project; this includes substantial early site work on the LNG plant at Bish Cove and along the proposed Pacific Trail Pipeline route between Summit Lake and Kitimat. We've received all major environmental and regulatory permits, finalized the First Nations Limited Partnership (FNLP) agreement with all 16 First Nations along the pipeline route, and continue to make excellent progress in the natural gas resource appraisal program in the Liard Basin.



Kitimat LNG, Liard/Horn River Resources North Pad

These accomplishments have improved needed certainty around project design, costs and schedule. While 2016 levels of activity may be reduced from 2015 in response to prevailing LNG market conditions, the fundamentals of supplying LNG from B.C. to Asian markets remain sound. Our goal is to deliver a globally competitive LNG project, in the right way, at the right pace, and to realize our vision of establishing a safe and environmentally responsible LNG project that will bring significant benefits to British Columbia, First Nations, local communities and all Canadians.

Chevron and Woodside are committed to building productive relationships with our partners, First Nations and local communities, fostering dialogue and addressing any concerns. If you have any questions or comments, send us an email at KitimatLNG Feedback@chevron.com

Alan Dunlop
General Manager, Kitimat LNG
Vice President, Chevron Canada Limited



The *Asia Excellence* loading the first Gorgon liquefied natural gas (LNG) cargo for delivery into Japan

First LNG cargo shipped from Chevron's Gorgon project in Australia

While B.C. is in the very early days of developing LNG, Australia's LNG industry recently reached a very important milestone - the first shipment of LNG to overseas customers from one of the world's largest-ever LNG projects, Chevron's Gorgon LNG Project.

Since a final investment decision (FID) was reached in 2009, the Gorgon project, which is a joint-venture between Chevron as operator and other companies*, has directly employed more than 10,000 workers and indirectly contributed to more than 60,000 jobs created during the construction of the project. More than 700 contracts were awarded to Australian businesses and \$34 billion spent on Australian goods and services.

What is particularly unique about the construction of the Gorgon Project is that the LNG facility was built entirely on a Class "A" Nature Reserve, the highest level of protection granted by the Australian government. Chevron has been operating on Barrow Island for 50 years, protecting the island and its unique species by managing a strict quarantine program.

"It only takes one incident to destroy a species," said the late Australian consultant and naturalist Dr. Harry Butler. "Chevron has the highest-level government-approved program designed to continue to preserve the environmental values of Barrow Island. It is a globally recognized model for caring for the environment, a model copied around the world."

Since the Gorgon Project began, there have been zero introductions or proliferations of nonindigenous species on Barrow Island or in its surrounding waters.

Seven years from FID to the first shipment of LNG may seem like a long time. The Gorgon project shows building LNG facilities is much more of a marathon than a sprint. But with perseverance and commitment to doing a project the right way, a world-class LNG project can become a reality.



Three LNG production units, known as "trains," at the Gorgon facility

For more information on Gorgon LNG visit www.chevron.com/projects/gorgon

* The Chevron-operated Gorgon Project is a joint venture of the Australian subsidiaries of Chevron (47.3 percent), ExxonMobil (25 percent), Shell (25 percent), Osaka Gas (1.25 percent), Tokyo Gas (1 percent) and Chubu Electric Power (0.417 percent).



Kitimat LNG volunteers assisted the Kitimat Food bank drive in 2015



2015 Community Investments

Chevron focuses its social and community investment in the areas of health, education, economic development and community partnerships that contribute to identified needs while delivering sustainable and measureable outcomes. Wherever we are, Chevron strives to be a good neighbour, sharing the concerns of our communities and working to create a better future.

In 2015, the Kitimat LNG Project provided sponsorship or donations to the following organizations:

Sponsorships

- Skills Canada BC
- Terrace and District Community Services Society, Youth Drop in Centre
- WFN- Bridging to Trades Program
- Canadian Red Cross BC Wildfire Disaster Relief
- Kitimat Community Foundation
- Fort Nelson Family Development Society
- Northwest Community College Trades Bursary
- Canada Winter Games Aboriginal Pavilion Sponsorship
- Fort Nelson Community Literacy Society
- Kitimat Valley Institute
- Kitimat Child Development Centre
- Enver Creek Robotics Team
- Variety, The Children's Charity
- Prince George Aboriginal Youth Hockey Championships
- Kitimat Quilter's Guild
- Canadian Cancer Society Lakes District
- Stellat'en FN "Gathering our Voices" Conference
- BC Elders Gathering Society
- Kitimat Concert Association
- Riverboat Days, Terrace
- Kitimat Understanding the Environment
- Kitimat Chamber of Commerce
- Prince Rupert Wildlife Shelter
- Kitimat Rotary Club, Light up Kitimat
- District of Kitimat, New Year's Shuttle



Kitimat River Clean Up crew - September 2015

For more information about Chevron's Social and Community Investment criteria, or to submit a proposal visit www.chevron.ca/community

Kitimat LNG Project partners with Skills Canada BC

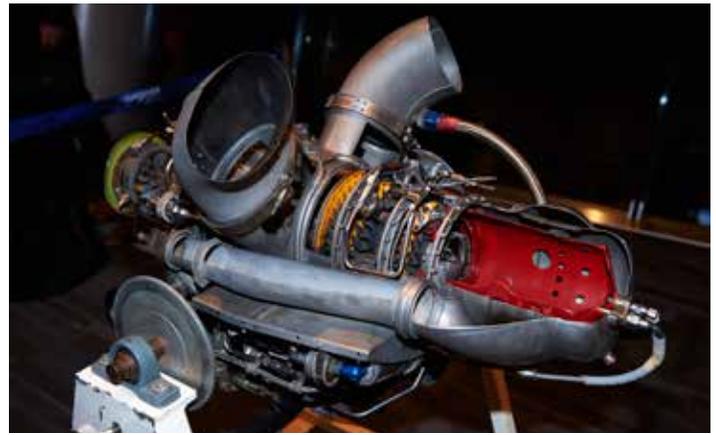
Youth from across the province will be meeting to compete in the B.C. Provincial Skills Canada competition in Abbotsford, B.C. The competition is an opportunity for students from post-secondary, secondary, middle and elementary schools to showcase their skills in a variety of trades and technology fields. Chevron Canada and Woodside, co-venturers in the proposed Kitimat LNG Project, are a Platinum Level Sponsor of the program.

Skills Canada BC offers no-cost career exploration programs for K-12 and post-secondary school students in communities across B.C. This innovative program aims to educate young people on the many rewarding careers in skilled trades and technology available in the province - careers that will be critical to B.C.'s economic future, including the emerging LNG industry.

In addition to the 14 annual Skills Competitions, Skills Canada BC hosts year-round events that include: the largest trades & technology career fair in B.C.; the Skilled Trade & Technology Conference for Women; Cardboard Boat Races and the InSPIRE (in school presentation) program, which is available in most school districts in the province.

"Chevron and Woodside are pleased to have the opportunity to partner with Skills Canada BC," said Rod Maier, Chevron Canada Public and Government Affairs Manager. "We're proud to support this unique and innovative approach to inspiring B.C.'s young people to consider careers in skilled professions that will help them benefit from future opportunities in the LNG industry, right here in their home province."

The proposed Kitimat LNG Project has the potential to be one of the largest private investments ever made in a Canadian energy development. It will require an accessible, skilled workforce that can apply trades and technology training to a major natural resource project that will offer world-class experience.



Aeronautics maintenance on specialized equipment like this helicopter turbine engine is just one of the high-demand skills that will be needed in the future

Medalists from the provincial competition will move on to form "Team BC" and compete with students from across Canada at the national level. Last year, B.C. students earned 19 medals at the 2015 Skills Canada Competition held in Saskatoon, Saskatchewan, highlighting exemplary work in trades that ranged from culinary arts to cabinetry, welding, steam fitting and heavy duty mechanics.

"Chevron and Woodside have specifically chosen to support a program such as Skills Canada BC because it not only helps advance the long-term needs of the Kitimat LNG Project, but also meets our goal of developing and employing a B.C.-based workforce," said Deidre Reid, social investment manager for Kitimat LNG. "Ensuring students from British Columbia are able to fully participate in the emerging LNG industry includes providing young people with access to relevant information about skilled trades and technology careers, and helping them see a successful, rewarding career path."

Partnerships such as the one Chevron and Woodside have developed with Skills Canada BC have been, and will continue to be, a key part of the Kitimat LNG Project as they demonstrate a genuine commitment to creating opportunities and bringing local benefits to communities across B.C.

To learn more about Skills Canada BC, visit their website: skillscanada.bc.ca

Community Contact

The Kitimat LNG project welcomes your feedback. If you have any comments or concerns, please do not hesitate to email us at KitimatLNGFeedback@chevron.com.

Call us toll-free at 1-844-800-0900

www.chevron.ca/KitimatLNG

KITIMAT OFFICE

Looking for information about the Kitimat LNG project? Drop by our community office at 369 City Centre in Kitimat.

Office hours are generally Monday to Friday from 9:00 a.m. to 3:00 p.m. Or you can call ahead and make an appointment: 250-632-3680.

Kitimat LNG

