

An Open Letter to Prime Minister Mark Carney, Premiers of Alberta, British Columbia, Saskatchewan, and First Nation Leaders of Canada

A bold initiative to make the dreams of everyone come true, and increase the economic prosperity of Canada and well-being of all First Nation communities along the pipeline routes

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- 1. Kitsault Energy (KE) port and terminal was formed as a company in January 2013.
- 2. The first KE press release was issued on January 8, 2013, proposing a dedicated energy corridor through Kitsault, an energy export port and terminal near Kitsault.
- 3. Most energy companies were proposing 24" or 36" natural gas pipelines; KE was the first to propose a 48" diameter pipeline to promote transporting natural gas to the BC West Coast.
- 4. While everyone focused on LNG production using land-based facilities, KE was the first to propose floating facilities for producing LNG, butanol, or methanol since these would be built away from NW BC in Asia for a cost-effective and faster timeline to manufacture, test, and bring them to the Observatory Inlet.
- 5. Observatory Inlet, about 25 km south of Kitsault, has deep, wide, ice-free water suitable for establishing an export port, terminal, and floating manufacturing facility.
- 6. Kitsault has housing on 350 acres of land that may cost over one billion USD to develop now. Most such sites end up using campgrounds, discouraging long-term employment as a way of life. For example, the LNG Canada project in Kitimat, which costs 50 billion CAD or more, has a campsite for housing personnel.
- 7. Kitimat is a busy port city, with Douglas Channel leading to the open ocean. It is a narrow and challenging waterway, frequently traveled by passenger ferries, shipping vessels, and cargo ships transporting grain, coal, metal, cargo containers, LNG, and others.
- 8. Kitsault port and terminal, located at the Observatory Inlet, will be owned and operated by KE for its own purposes.



- 9. The gravel road—about 70 km, starting near Nass Camp—can be paved up to Kitsault, and a new paved road can be built to Observatory Inlet from Kitsault, working with Transport Canada.
- 10. A rail line can be extended from Terrace to Observatory Inlet, working with Transport Canada.
- 11. Kitsault housing is excellent, featuring many indoor recreational facilities, a library, post office, bank, supermarket, large indoor pool, auditoriums, basketball arena, indoor racket ball court, curling rinks, tennis courts, and more. It can accommodate several hundred employees.
- 12. The pipeline from Dawson Creek to Observatory Inlet will be approximately 700 kilometers long, with minimal elevation changes, mostly through Crown land and some First Nation land.
- 13. Kitsault is located in the regional district with low tax rates, saving hundreds of millions of dollars in taxes.
- 14. The population of Kitsault's town will be associated with Kitsault Energy, avoiding the issues faced by Kitimat and Prince Rupert.
- 15. Kitsault townsite is owned by KE, in its entirety, with 350 acres of land.
- 16. Spectra Energy, now Enbridge, has extensively studied the fjord—Alice Arm—over multiple years and has received approval for a dual pipeline corridor through Kitsault.
- 17. All other pipelines proposed through Kitsault, to Ridley Island or Prince Rupert, are either through, underwater, or over hilly mountainous areas, and at least 200 km longer than the pipeline to Kitsault/Observatory Inlet.
- 18. KE had an export permit to export 20 million tons of LNG a year, and now plans to secure a permit to export 40 million tons for 40 years.
- 19. Exporting butanol or methanol does not require a permit from the government of Canada, and there are no limits.
- 20. Both butanol and methanol produced from natural gas, when used in transportation systems instead of diesel or gasoline, can reduce pollutants released into the environment by as much as 60%.
- 21. Butanol and methanol can be produced/transported at a lower cost than LNG.
- 22. They do not require multi-billion-dollar infrastructures to export or receive; any port can be used without incurring large costs to upgrade.



- 23. They do not require supercooled tankers for transporting.
- 24. They do not have to be re-gasified at the receiving terminals for use.
- 25. Butanol and methanol can be distributed/transported through existing distribution channels/vehicles.
- 26. Both will require a limited modification, or none, to use 100% fuel depending on the engine version.
- 27. In Russia, butanol is distributed at a lower cost than gasoline or diesel as a 100-octane fuel.
- 28. The Canadian political climate is improving, and the Alberta premier wants to invest in a crude oil pipeline to the West Coast of Canada.
- 29. The Prime Minister of Canada has established a special/major project office to evaluate the potential of such projects.
- 30. Several years ago, Enbridge acquired Spectra Energy, so it now owns all the IP of Spectra, including the approvals for the dual pipeline corridor to Kitimat, BC.*
- 31. While Spectra specializes in natural gas pipelines, Enbridge specializes in crude oil pipelines—therefore, Enbridge is in a position to build dual pipelines, one transporting natural gas and the other transporting crude oil, saving billions of dollars by constructing both simultaneously.
- 32. Canada is looking to export its energy products to regions other than the USA, with the opportunity to meet the needs of much of Asia, including India.
- 33. India is aiming to consolidate its crude oil purchases from its fragmented approach involving nearly 40 countries, shifting some of its imports away from Russia and eagerly turning to Canada for its energy.
- 34. The PM and the foreign minister of Canada have made positive comments and met with the PM of India, in both Canada and India, working towards repairing the strained relationship between the two countries and expanding trade.
- 35. Prime Minister Mark Carney is currently touring Asian countries, including India, to expand.
- 36. Canadian energy companies can increase production and revenues.
- 37. Canadian energy companies can also reduce the discount, compared to WTI for WCS, again increasing the sale price and profits.

^{*}Permits of KE and Spectra Energy have expired and need to be renewed.



- 38. Enbridge and other Canadian and international energy companies have spent nearly 50 billion dollars over 30 years, including the XL Keystone pipeline project with the province of Alberta.
- 39. Only two pipelines have been constructed over the last several years. The first was the expansion of the Trans Mountain pipeline, funded by the Canadian federal government and costing roughly 40 billion dollars, with the potential for Canada to lose as much as ten billion dollars or more when sold to private investors. The second was the TC pipeline for the LNG project to Kitimat at a cost of 14 million dollars. Both projects had significant cost overruns.
- 40. Enbridge alone spent several hundred million dollars on the Northern Gateway pipeline to Kitimat, and and after several years without success, abandoned the project.
- 41. Nass Camp has an unused runway capable of handling commercial propeller aircraft, carrying up to 100 passengers at once. However, this runway hasn't been used for a long time, but can be repaired to be operational again. Kitsault is a 45-minute drive on a paved road from Nass Camp.
- 42. Other alternatives include a runway in Kitsault or using VSTOL aircraft, float planes, or helicopters.
- 43. While many have proposed energy projects of various kinds over the past three decades in northwest BC, most have been withdrawn and disappeared.
- 44. KE's dedicated energy corridor, featuring dual pipelines to Kitsault/Observatory Inlet, Kitsault Energy port, and the terminal at Observatory Inlet, is the most economical energy project in northwest BC, Canada and with the least environmental impact.
- 45. It may take about an hour to reach the open ocean from the Kitsault terminal in Alice Arm, a protected waterway, without the effects of Prince Rupert traffic, heavy storms, hurricanes, etc.
- 46. The Canadian Navy has expressed interest in the future Kitsault port on the West Coast of Canada.
- 47. Best Cure Foundation/Canada, a non-profit organization established in Canada, will work with all stake holders in establishing job training and Best Cure Pro Health Centers for proactive, preventive, primary, medical, dental and eye care wellness centers to promote, prevention, early detection, and effective treatment for total cure in First Nation Communities along the pipeline route.
- 48. It is time for all stakeholders to work together to make this project successful, benefiting Canada, the provinces of Alberta, BC, and Saskatchewan, and First Nations.



KITSAULT ENERGY

NEB permit for dual pipelines—one from Fort Nelson to Kitsault for natural gas and the other from Dawson Creek/Chetwynd to Kitsault for crude oil—allows for export of 20 million tons of LNG per year and millions of barrels of crude oil daily. One billion USD worth of housing infrastructure in place. A dedicated energy export port and terminal to be established at Observatory Inlet, 30 km south of Kitsault. Most of Asia is within a 7-day shipping time for LNG, butanol, methanol, and the millions of barrels of crude oil to be exported daily.

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