

NOVA SCOTIA UTILITY AND REVIEW BOARD

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

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**IN THE MATTER OF AN APPLICATION** by **BEAR HEAD LNG CORPORATION** (“Bear Head LNG”) for a **PERMIT TO CONSTRUCT** a **LIQUEFIED NATURAL GAS** (“LNG”) **PLANT** at Bear Head near Point Tupper, Richmond County, Nova Scotia

**WHEREAS** Bear Head LNG applied to the Nova Scotia Utility and Review Board (“Board”) by application dated July 15, 2005 for a Permit to Construct;

**AND WHEREAS** the application seeks approval to construct a LNG plant at Bear Head near Point Tupper, Richmond County, Nova Scotia as described in the application and hereinafter described as the “proposed works”;

**AND WHEREAS** the Board issued a Permit to Construct NSUARB-LNG-BH-PC-01 dated November 21, 2005 to allow the pouring of concrete for the LNG storage tank foundations only;

**AND WHEREAS** the Board issued Directions on Procedure whereby a public information session was held in Port Hawkesbury, Nova Scotia on September 8, 2005 to outline the role of the Board and to answer questions from members of the public concerning same, and whereby members of the public were invited to submit comments on the proposed LNG plant by November 1, 2005;

**AND WHEREAS** comments were filed by the Municipality of the County of Richmond and by a resident of Steep Creek, Guysborough County with the Board;

**AND WHEREAS** the Certifying Authority for the Board pursuant to **s. 22** of the **Gas Plant Facility Regulations (Nova Scotia)** is Lloyd’s Register North America Incorporated (“LRNA”);

**AND WHEREAS** the Board has the authority to issue a Permit to Construct pursuant to the **Pipeline Act** and the **Gas Plant Facility Regulations**;

**NOW THEREFORE**, the Board grants to Bear Head LNG a Permit to Construct the proposed works, subject to the following terms and conditions:

1. Bear Head LNG shall ensure that the proposed works are carried out and completed in accordance with:
  - (a) all federal, provincial and municipal laws, and in particular the **Pipeline Act**, the **Gas Plant Facility Regulations** and the **Code of Practice**, as amended from time to time;
  - (b) all applicable codes and standards, as amended from time to time;
  - (c) this Permit, as may be amended; and
  - (d) the application.
2. Bear Head LNG shall submit to the Certifying Authority, on a timely basis and in complete system packages, all design and materials information relating to components and systems required by the **Gas Plant Facility Regulations**, the **Code of Practice** and applicable codes and standards referenced therein.
3. Components or systems of the proposed works requiring design appraisal are to be identified by Bear Head LNG or on Bear Head LNG's behalf by its Independent Contractor and agreed to by the Certifying Authority prior to commencement of construction (the "Identified Components").
4. Bear Head LNG shall deliver to the Certifying Authority all design and materials information pertaining to the Identified Components as soon as possible and, in any event, before commencing field installation of each such Identified Component. If after review of such information, the Certifying Authority determines that an Identified Component does not or will not comply with the **Gas Plant Facility Regulations**, the **Code of Practice** or the applicable codes and standards referenced therein, the Certifying Authority shall notify Bear Head LNG and, upon receipt of such notice, Bear Head LNG shall promptly (and in any event prior to the submission of an application for a License to Operate) remedy any such noncompliance.
5. Bear Head LNG shall provide reasonable notice to the Certifying Authority of its intended schedule of activities for the proposed works and shall permit a representative from the Certifying Authority to be on site to observe the construction.
6. Bear Head LNG shall provide a copy of required permits and approvals, including but not limited to those from federal, provincial and municipal Departments, Boards and Agencies, to the Board and the Certifying Authority prior to commencing construction of those portions of the proposed works which would be subject to such permits and approvals.
7. The Board requires Bear Head LNG to provide proof, satisfactory to the Board, of liability insurance in a minimum amount of \$20 million (Cdn.) relating to the construction of the proposed works.

8. Within 60 days of the date of this Permit to Construct, Bear Head LNG shall post a bond or other suitable security in the amount of \$500,000.00, payable to and in a form satisfactory to the Board, to ensure the fulfilment of Bear Head LNG's obligations hereunder and the payment of all fees and costs payable by Bear Head LNG to the Board.
9. This Permit to Construct may not be transferred or assigned without the written approval of the Board, which shall not be unreasonably withheld.
10. (a) This Permit to Construct may be suspended or terminated by the Board where the Board believes, on reasonable and probable grounds, that Bear Head LNG or its contractor(s) has contravened or will contravene any of its terms or conditions.  
  
(b) The Board shall give Bear Head LNG prior notice of its intent to suspend or terminate and a reasonable time period to remedy any breach or default.
11. Unless extended or earlier terminated, this Permit to Construct shall expire on December 31, 2009.

Dated at Halifax, Nova Scotia, this 6<sup>th</sup> day of June, 2006.

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Clerk of the Board