



NEWS RELEASE

ABORIGINAL PIPELINE GROUP WELCOMES NATIONAL ENERGY BOARD DECISION ON THE MACKENZIE VALLEY PIPELINE

Inuvik, NT (December 16, 2010) – Aboriginal Pipeline Group (APG) Chairman and CEO Fred Carmichael is extremely pleased that the Mackenzie Valley Pipeline (MVP) has finally received approval from the National Energy Board (NEB) to build the 1200 km pipeline. “The six-year regulatory process is now behind us. This decision is a huge step forward, both for the Project, for our Northern stakeholders and for Canada as a nation”, said Mr. Carmichael.

After completing one of the most extensive regulatory proceedings in Canadian history, the NEB decision confirms the need for the Project and the broad environmental and socio-economic benefits the pipeline will bring to our nation. “And these benefits are significant” said Mr. Carmichael. “For the Mackenzie Valley and Beaufort Delta regions, this Project is the only realistic way to create an economic future and an independent and self-sufficient future for northern people”.

THE NEED

- Conventional gas reserves are declining rapidly at rates approaching 20% per year. This means we will need an additional volume of 3 - 4 billion cubic ft day in Canada alone each and every year, just to supply what we are using today. That's equal to 3 Mackenzie Valley Pipelines.
- The power generation market is the fastest growing market for natural gas in North America driven by the need to replace inefficient coal and oil-fired generating plants for environmental reasons. This market has grown by 70% in the past 10 years and is forecast to continue.
- Last July, the Federal Government introduced a new policy calling for a gradual phasing out of 33 coal-fired plants in this country whose economic life will end by 2025. Replacing these plants with natural gas-fired generating units will result in an incremental gas demand of 1.2 Bcf/d by 2020. That's equal to the entire daily throughput of the MVP.
- While shale gas is an important addition to the gas supply mix, some concerns have arisen with shale gas production. Most wells experience high decline rates, particularly in the early years, and the amount of water required to drill a typical shale gas well is about 5 million gallons, over 100 times that of a conventional gas well. Additionally there is concern that fracking could cause contamination of ground water.



ENVIRONMENTAL BENEFITS

- The natural gas carried by this pipeline can be used throughout North America to displace coal and oil in the power generation market - by far the largest market growth sector.
- Natural gas is the most environmentally - friendly fossil fuel, supporting Canada's efforts to reduce greenhouse gas emissions.
- Natural gas produces one-third fewer emissions than oil, and one-half that of coal.

SOCIO-ECONOMIC BENEFITS

- Canada – Gross Domestic Product benefits of over \$100B
- Tax revenues of over \$10B to Federal, Provincial and Territorial governments
- \$500M Social Economic Impact Fund
- \$1B in set-aside work for corridor groups
- Over 7,000 jobs will be created in NWT during construction and over 100,000 jobs across Canada.
- Approximately 150 permanent full-time positions will be created in the NWT with the main pipeline and anchor fields
- The aboriginal people of the NWT will benefit throughout the construction and operating phases, as contractors, employees, and business owners and dividends will be provided to the Aboriginal shareholders.
- Employment and training opportunities are extremely important to our people, but the Mackenzie Gas Project (MGP) is equally important to all Canadians
- This pipeline will encourage further exploration and production activity in the NWT. This will provide a sustainable future for the people of the Mackenzie Valley, and the NWT.
- The MGP supports and strengthens Canada's priority for Arctic Sovereignty by enhancing infrastructure throughout the North.

WHAT WE HAVE

- The MVP has the support of Northerners, including the Government of the NWT, and strong Aboriginal support from the Mackenzie Valley and Beaufort Delta regions.
- The MVP has guaranteed shipping commitments from the Producers.
- The Project proponents have invested \$750 million to date; the APG has contributed its share of \$145 million.
- Following Cabinet approval, we will have a permit in hand to proceed with the design and construction of the Mackenzie Valley Pipeline, fulfilling our mandate to the Aboriginal people of the Mackenzie Valley.



WHAT WE NEED

- It is critical that the Federal Government work with the project proponents to finalize a Fiscal Framework, backed by the above shipping commitments, to enable the MGP to become a reality.
- The American Government has stepped up to the plate and supported the Alaska Highway Pipeline to the tune of \$20 billion dollars in loan guarantees and is considering raising that amount to \$30 Billion.
- We need the Government of Canada to step forward and support the development of Canada's "last frontier" like our forefathers, who had the vision to provide financial support for other major infrastructure projects such as the Canadian Pacific Railway, the Trans Canada Highway, the St. Lawrence Seaway, Hibernia and the TransCanada Pipeline.

The Mackenzie Gas Project is the first step towards building an economic base for the Aboriginal people of the North and a sustainable future for all Northerners. This pipeline is truly a Nation-building project – providing the clean energy we need in an environmentally responsible manner – and creating jobs and economic benefits along the way. It is good for the North and for all of Canada.

The Aboriginal Pipeline Group remains a dedicated partner in the Mackenzie Valley Pipeline project. APG is a business deal; negotiated by Aboriginal people for Aboriginal people and we have negotiated the right to secure a one-third ownership interest in the Mackenzie Valley Pipeline. We remain committed to our mandate - to maximize the long-term financial return to the Aboriginal Groups of the NWT through ownership in the pipeline. The people of the north are behind this Project and APG will continue working towards the day when Mackenzie gas flows south, and economic benefits flow north.

Fred Carmichael is a past-President of the Gwich'in Tribal Council, and is a recipient of the Order of Canada.

For further information, please contact:

Mr. Fred Carmichael

Chair and CEO

Aboriginal Pipeline Group
(867) 777-3031

carmichael@aboriginalpipeline.ca

Ms. Nellie Cournoyea

Director

Aboriginal Pipeline Group
(867) 777-2737

NCOURNOY@irc.inuvialuit.com

Mr. O.D. Hansen

Manager, Communications, Regulatory, and
Technical Services

Aboriginal Pipeline Group
(403) 234-3178

hansen@aboriginalpipeline.ca

Mr. Bob Reid

President

Aboriginal Pipeline Group
(403) 234-3175

reid@aboriginalpipeline.ca