

TriSummit Utilities Inc.

Request for Confidentiality under Section 22(2) of OGOA

Response to Information Request No. 1

1.1 Please describe and substantiate the corporate relationships between the following entities:

- **Trisummit Utilities Ltd.;**
- **Utility Group Facilities Inc.;**
- **The Inuvialuit Petroleum Corporation; and**
- **Inuvik Gas Ltd.**

TriSummit Utilities Inc. (“**TriSummit**”) indirectly and wholly, through TriSummit Utility Group Inc. (“**TUGI**”), owns Utility Group Facilities Inc. (“**UGFI**”) and TriSummit Utility Holdings Inc. (“**TUHI**”). UGFI holds a 33.3335 percent interest in, and is the operator of, the Ikhil Joint Venture (“**IJV**”), and TUHI holds a 33⅓ percent interest in Inuvik Gas Ltd. (“**IGL**”). Each of ATCO Midstream NWT Ltd. (“**ATCO NWT**”) and the Inuvialuit Petroleum Corporation (“**IPC**”) holds a 33⅓ percent interest in IGL and 33.333 percent and 33.3335 percent, respectively, in IJV. ATCO NWT and the IPC are not affiliates of TriSummit. Please see the corporate structure diagram attached hereto as Schedule “A” showing the relationships between TriSummit, UGFI, and IGL.

UGFI, as operator of IJV, owns and operates the natural gas wells in the Ikhil Gas Field (one of which is currently producing), a processing facility, and a pipeline that delivers natural gas to IGL and the Northwest Territories Power Corporation (“**NTPC**”). Despite having common owners, IJV and IGL operate independently of one another and have separate management teams. UGFI, as operator of IJV, confidentially provides certain technical information that is related to IJV’s natural gas reserves to IGL where the information is necessary for the safe, efficient, and reliable supply of energy to the Town of Inuvik. However, UGFI has not provided current technical information related to IJV’s natural gas reserves to the Town of Inuvik, NTPC, or any other third parties.

Jared Green, the President and Chief Executive Officer of TriSummit, is a director of TriSummit, TUGI, TUHI, UGFI, and IGL. As a director, Mr. Green owes a fiduciary duty to each of these corporations as set out in subsection 122(1) of the *Canada Business Corporations Act*. This fiduciary duty includes a duty to maintain the confidentiality of the information of each corporation and to act in good faith with a view to the best interests of each corporation. Similarly, the other directors of IGL, who have roles at ATCO NWT or the IPC (or their respective affiliates), owe a fiduciary duty to IGL, including a duty to maintain the confidentiality of the corporation’s information (which continues even after an individual ceases to be a director).

The importance of the separate fiduciary duty owed to each corporation becomes evident in the context of IJV, whose co-venturers are also shareholders of IGL, to which IJV supplies natural gas, and where one of the co-venturers, the IPC, is a proponent of the

Inuvialuit Energy Security Project (“**IESP**”), which would directly compete with IJV in supplying natural gas to IGL and NTPC. The fiduciary duties of directors ensure that confidential information made available to the directors of a corporation in the course of their duties as a director are not used to the detriment of that corporation, even when the use would be to the benefit of one of the shareholders.

1.2 Given the publicly available information on the Ikhil Gas Field reserves and the proposed IESP, please provide additional information that clarifies and supports TriSummit’s assertion that disclosure of reserve information for the Ikhil Gas Field may result in a material loss and affect its competitive position in future negotiations with Inuvik Gas Limited and/or the town of Inuvik.

In our request dated April 28, 2021 to have certain information relating to the Ikhil Gas Field reserves deemed confidential by the Office of the Regulator of Oil and Gas Operations and the Canada Energy Regulator under section 22(2) of the *Oil and Gas Operations Act*, TriSummit stated that, “*Disclosure of the reserves information, by the regulators, may result in a material loss to UGFI and affect our competitive position in future commercial negotiations concerning the Ikhil Gas Field and Inuvik Gas Limited...*” (emphasis added). For clarity, we were referring to a loss of competitive position with propane suppliers and with the proponents of IESP.

We understand that the IPC, together with Ferus Natural Gas Fuels Inc., are the proponents of the IESP. As mentioned above in response to Request 1.1, irrespective of the connection between IJV, IGL, and the IPC, the fiduciary duties of directors ensure that information made available to the directors of a corporation is not used to the detriment of that corporation. This means that directors of IGL that are related to a shareholder are not at liberty to use confidential information obtained in the course of their current or former duties as a director of IGL for the benefit of a shareholder without proper authorization, especially where the use of that information would harm IGL.

UGFI and/or IGL may enter into commercial negotiations with the proponents of the IESP in the future for potential offtake of natural gas from IESP’s proposed M-18 well. While it is public knowledge that production and reserves at the Ikhil Gas Field have been declining in recent years, technical information relating to IJV’s natural gas reserves has not been publicly released. As such, publicly releasing information on IJV’s natural gas reserves would be detrimental to these potential commercial negotiations and would cause UGFI, and ultimately IGL and IGL’s end-customers in the Town of Inuvik, material loss and harm by revealing sensitive technical information to IJV’s competitors about the availability to IGL of alternative energy sources that would affect UGFI’s competitive position and, ultimately, natural gas and propane prices.

Similarly, IGL currently operates on both natural gas from the IJV well and propane that is purchased from third-party suppliers and converted to synthetic natural gas. If the suppliers of propane were to have detailed technical information with respect to IJV’s natural gas reserves, this would be detrimental not only to UGFI and its competitive position, but also to IGL and the Town of Inuvik (including its end-customers), as it would

directly impact pricing negotiations for propane by revealing sensitive commercial information to IGL's other potential suppliers about the availability to IGL of its primary alternative source of energy, natural gas from IJV.

1.3 Please:

- a. Provide additional information on Inuvik Gas Ltd.'s and NTPC's interest in the reserve data for the Ikhil Gas Field; and**
- b. Identify whether Trisummit has shared, in confidence, the reserve data for the Ikhil Gas Field with NTPC or Inuvik Gas Ltd. for energy security planning purposes.**

As stated above in response to Request 1.1, UGFI confidentially provides certain technical information that is related to IJV's natural gas reserves to IGL, as IJV's primary customer, where the information is necessary for the safe, efficient, and reliable supply of energy to the Town of Inuvik, including for security planning purposes. However, UGFI has not provided current technical information related to IJV's natural gas reserves to NTPC and cannot speak to NTPC's potential interest in technical information relating to IJV's natural gas reserves (other than any interest NTPC may have in the information as a customer).

1.4 Please:

Provide additional information on the extent of:

- a. Public interest in the reserve data for the Ikhil Gas Field, as demonstrated to Trisummit during its engagement with stakeholders, including the town of Inuvik, over the past three years;**
- b. Information related to the reserve data for the Ikhil Gas Field that has been shared publicly with residents of the town of Inuvik and the town of Inuvik over the past three years, which could include:**
 - The predicted remaining production life of the Ikhil J-35 well; and**
 - General statements relating to the future productivity and viability of the well; and**
- c. Information related to the reserve data for the Ikhil Gas Field shared, in confidence, by Trisummit with the town of Inuvik for the purpose of energy security planning.**

Neither TriSummit nor UGFI has been directly engaged with public stakeholders or with the Town of Inuvik over the past three years. However, we understand that IGL has had confidential discussions with the Town of Inuvik with respect to energy security, including the Town of Inuvik potentially assuming ownership of IGL.

IGL has previously published a statement related to the Ikhil Gas Field, and this statement is currently posted on the IGL website:

“An interim agreement between IGL and the Town of Inuvik was executed on December 5th, 2019, allowing IGL to continue operating as if the Franchise Agreement were still in place, and the company remains interested in and supportive of the long-term energy security needs of their customers in Inuvik.

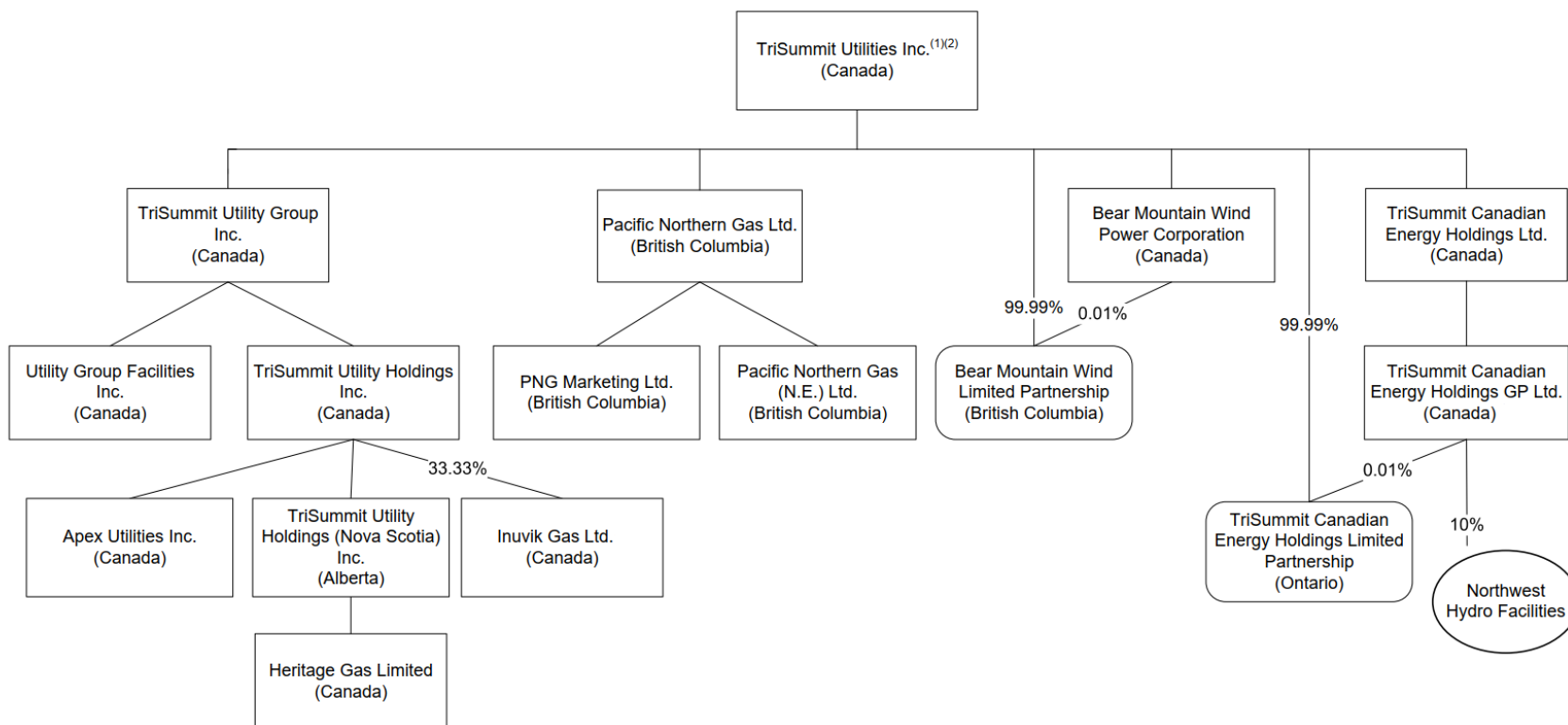
We believe the distribution system, including the SNG system will provide significant long-term value to the Town and is a critical component for any long-term heating solution for the community. Until an alternative energy solution is developed, our system can be used to deliver SNG or natural gas from the Ikhil well and it can be easily modified to handle liquefied natural gas (LNG).”¹

While numerous general statements about the decline and the expected lifespan of the Ikhil Gas Field reserves have been made publicly in the past, detailed technical information about IJV’s natural gas reserves has not been publicly released. Outside of general statements made by IGL and the IPC on their respective websites and in the IESP Project Description, we are not aware of public statements about the future productivity and reserves of the Ikhil Gas Field from persons with access to technical information relating to IJV’s natural gas reserves. Statements that IJV’s natural gas reserves have been in decline are accurate, but UGFI has not made competitively sensitive information relating to IJV’s current natural gas reserves available to the public.

As noted above in response to Request 1.1 and Request 1.2, UGFI, as operator of IJV, confidentially provides technical information about IJV’s natural reserves to IGL where the information is necessary for the safe, efficient, and reliable supply of energy to the Town of Inuvik, including for security planning purposes. However, UGFI has not provided current technical information related to IJV’s natural gas reserves to the Town of Inuvik. There has been no other information provided by UGFI.

¹ <https://www.inuvikgas.com/frequently-asked-questions>

Schedule "A" TriSummit Utilities Inc. Corporate Structure Diagram



Notes:

- (1) Updated as of March 31, 2021.
- (2) Unless otherwise stated, ownership is 100%.