WHEN OUR NATION BUILDS

Part 4: The Upstream Engine of Canada's LNG Story

Prepared by: Ben Brunnen, Partner, Garrison Strategy

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Julian Malcolm, Industrial Insulation Apprentice – Heat and Frost Insulators, Local 118

Alex McMillan, President and CEO (interim), Vancouver Chamber of Commerce

Energy for a Secure Future acknowledges that this report captures only part of the picture of these projects, and that more stories and lessons remain to be explored. It is offered as a starting point – a picture of what all Canadians can celebrate about these ground breaking projects and be inspired by as we continue to build our shared future.

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Land and Energy Management Association of Canada

Quebec Association of Industrial Electricity Consumers

A Letter from the Energy for a Secure Future Advisory Council

The successful completion of LNG Canada Phase I and the Coastal GasLink pipeline marks not just an historic achievement for Canada, but the beginning of something far greater: a new era in which Canada delivers responsibly produced energy to the world while creating lasting prosperity at home.

When Our Nation Builds takes stock of how we got here, and provides early signals of where those two projects, plus the addition of Cedar LNG, LNG Canada Phase II and Ksi Lisims LNG could bring British Columbia and Canada.

Each of us who has signed this letter takes personal pride in the story having worked alongside those who did and continue to do the work.

One of us is the former Chief of a Nation whose territories the pipeline crosses – a Nation that took a chance on the Coastal Gaslink project, despite national controversy. Today, that Nation, alongside the others on the pipeline route and in the Montney basin, has a share and a say in major infrastructure running through our homelands. Many in our Nations have built skills and businesses that have also helped other local projects, like Ksi Lisims LNG to thrive. It has not been an easy road. There were difficult decisions, community debates, and no guarantee of the outcome. But the journey has been transformative, building confidence and a new vision for the future – a future in which resource development is a tool for ending the poverty that has afflicted our communities for generations, and a pathway to opportunities for our children.

Another of us sees these projects and Canadian LNG through the lens of the thousands of skilled workers who built these facilities and take pride in the role they have played in history – in making these projects a reality. They are ready to apply their skills – as insulators, pipefitters, heavy equipment operators and more – to make the next phase of projects a reality. We look forward to what we hope will be Final Investment Decisions on LNG Canada Phase II and Ksi Lisims LNG, decisions that would put those skills back to work and extend the corridor's benefits to a new generation of workers and communities.

Finally, one of us sees the national and international supply chain story driven by the growth in Canadian LNG. Companies like Tenaris – which operates globally and has committed $350 million to Canadian pipe manufacturing since 2020, and has announced a further $306 million in investments over the next two and a half years – are choosing to invest and build here, even establishing new facilities in Fort St-John to supply the growth of the industry. That investment translates into well-paying jobs in Ontario and other provinces across the value chain, reinforcing that the benefits of Canada's LNG sector flow from coast to coast.

As Canadian LNG exports grow, so too does the value of everything this report describes. Access to global markets, particularly in Asia, means more royalties for the Province, more jobs and skills growth for workers across Canada, more opportunities for Indigenous Nations, and more investment in the communities and services on which British Columbians depend.

We are releasing this report at a moment of genuine global urgency. Energy markets are under strain as historic certainties fade and countries seek reliable, alternative energy suppliers insulated from geopolitical chokepoints. Canada has an answer. We have world-class natural gas resources, a regulatory framework that sets the global standard for environmental performance, and a model of Indigenous partnership that no other producing nation can match. The projects described in these pages position Canada to step forward as exactly the kind of reliable, responsible energy partner the world is looking for.

At its heart, this report is about demonstrating that when Canadians come together – industry, Indigenous Nations, governments, workers, and local communities – we can achieve extraordinary things. When we build, we create prosperity, opportunity, and a stronger future for our country and our communities.

We believe Canada now has an historic opportunity, in this moment and in the years to come, to continue building together – and to make a meaningful contribution to a better future for Canadians and for the world.

The road ahead begins with "yes."

Karen Ogen	Sean Strickland	Martin Castro
CEO, First Nations Natural Gas Alliance	Executive Director Canada's Building Trades Unions	President Tenaris Canada

Energy for a Secure Future is a non-partisan civil society initiative that brings together Canadian business leaders, Indigenous peoples, organizations, and experts in a new conversation about energy and building a secure future for Canada and our allies around the world.

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REPORT HIGHLIGHTS

The report finds that LNG Canada, Coastal GasLink (CGL) and the upstream natural gas sector have generated significant economic, social and community benefits across British Columbia's LNG corridor:

Part 1 – Canada's LNG Advantage

- Canada has become a liquefied natural gas (LNG)-exporting nation with access to Asian markets. Our exports build on two key strengths, the quality of the Montney Basin and its natural gas assets and the proximity of Canada to Asian markets compared to our competitors.
- The Montney Basin spans roughly 130,000 km² across B.C. and Alberta and contains more than 81 trillion cubic feet of proven recoverable natural gas reserves and significant additional potential resources.
- Canadian LNG can provide Asian countries with a more secure and geopolitically stable energy supply, with half the transit time of cargoes from the U.S. gulf, positioning Canada's Pacific Coast location as a strategic advantage in global LNG markets.

Part 2 – Five Conditions to Success – LNG Canada Phase I and Coastal GasLink

- LNG Canada Phase I and Coastal GasLink Pipeline were developed with the B.C. Five Conditions at the forefront: Opportunities for British Columbians; jobs and training; Fair Return for B.C. resources; Respect and make partners of First Nations; Protect B.C.'s air, land, water and including its climate commitments; demonstrate benefits to communities.
- More than 50,000 Canadians contributed to the construction of LNG Canada Phase I, while Coastal GasLink supported over 25,700 full-time equivalent jobs in British Columbia.
- LNG development is projected to generate approximately $23 billion in government revenues over 40 years, while LNG Canada is expected to contribute approximately $15 million annually in municipal and regional taxes.
- More than $5.8 billion in British Columbia contracts were awarded during project development, including over $4.9 billion to Indigenous-owned and local area businesses.
- Agreements were reached with the 20 First Nations along the project corridor. Of these, 16 First Nations took part in an option to acquire a 10 per cent equity stake in Coastal GasLink.
- Between 2019 and 2023, own-source revenues among First Nations in the project corridor increased by 159 per cent, enabling greater investment in community priorities including education, infrastructure and cultural programs.
- LNG Canada is expected to operate at an emissions intensity approximately 35 per cent below top-performing global LNG facilities and roughly 60 per cent below the global industry average.
- Project investments have supported housing, healthcare, childcare, workforce training, scholar-

ships, Indigenous cultural initiatives and emergency response infrastructure throughout corridor communities.

- Community indicators have improved during the project period, including a 34 per cent increase in after-tax household income, a 19 per cent increase in registered nurses per capita and rising school completion rates.

Part 3 – The Power of Yes

- A baseline of social progress indicators in the Communities of Interest in the project corridor shows that some indicators track above or close to average provincial levels in B.C., but several measures showed more persistent gaps: slower income growth compared to the province, higher rates of houses needing major repairs, and a sustained shortfall in post-secondary attainment.

- Social Progress modeling compared the trajectory of social indicators in the Communities of Interest from 2021 to 2031 for three scenarios: a No Project scenario (LNG Canada Phase I and CGL were not built); a Project Scenario (LNG Canada Phase I and CGL are built), and a Phase II Scenario (LNG Canada and CGL are built, as well as Cedar LNG, LNG Canada Phase II and Ksi Lisims LNG).

- Analysis showed:

    - In 2031, average household income in corridor communities is projected to reach $152,000 with LNG Canada and Coastal GasLink and $159,000 with the addition of Phase II projects, compared with $133,000 in a No Project scenario.

    - In the Phase II Scenario, approximately 5,500 additional households are projected to achieve housing affordability in 2031, while up to 6,630 additional residents could obtain trade, vocational or university credentials.

    - With the Project and Phase II Scenario, Indigenous language knowledge is projected to increase, compared to baseline and the No Project scenario, reversing previous declines and supporting an important long-term cultural goal across participating communities.

    - The social progress analysis suggests that when major resource projects are paired with workforce development, Indigenous partnership, community investment and environmental stewardship, they deliver both national and local community benefits.

Part 4 – The Upstream Engine of Canada's LNG Story

- Growth in Canadian LNG exports is expected to drive substantial future production increases where natural gas production is forecast to increase from about 19 billion cubic feet per day (bcf/d) in 2025 to 25 bcf/d by 2030. B.C. production is projected to rise from approximately 7.5 bcf/d to 12 bcf/d by 2030.

- The upstream natural gas industry is a major economic driver in British Columbia contributing approximately $5.5 billion to B.C.'s GDP in 2024 and supporting the equivalent of 81,100 direct, indirect and induced jobs.

- The industry is a significant driver of government revenues in British Columbia where natural gas royalties are expected to account for 43% of B.C.'s total natural resource revenues in 2026-27, exceeding forestry and mining revenues combined. The industry also contributed approximately $90 million in provincial income taxes and $129 million in fees in 2024.

- Indigenous participation in the upstream natural gas industry is significant and includes royalty revenue-sharing agreements with the province, supply chain participation – upstream companies spent an estimated $162 million with Indigenous suppliers in 2025 – and other contracting, including approximately 85 Indigenous businesses engaged in service and procurement contracts.

- Environmental performance in the upstream natural gas sector has improved faster than production growth due to improvements to methane reduction programs, equipment upgrades, electrification and operational efficiencies. Since 2014, natural gas production increased by 61% while:

    - Total upstream emissions have declined by 24%.

    - Methane emissions have fallen by 51%.

    - Emissions intensity decreased by 53%.

- The upstream sector provides significant opportunities for contractors, equipment suppliers, transportation firms and service providers. Upstream companies spent approximately $1.4 billion on B.C. supply chains in 2025 with more than 1,600 companies.

- Supports to local communities include food banks, schools, libraries, health services, youth sports, and emergency services. Where companies contributed approximately $1 million in community organizations in 2025 benefiting over 120 local organizations.

Conclusions

Overall, the success of major LNG infrastructure in British Columbia and the continued growth of the natural gas industry, is made possible by federal and provincial governments, First Nations and other Indigenous communities, municipalities, labour and industry working together to balance economic opportunity, environmental protection and community interests.

Critically, the growth of LNG in British Columbia has shown that major projects and the natural gas industry are not just about national economic benefits. In concrete ways, they deliver long-term value and opportunities to local communities. The values reflected in B.C.'s approach to LNG development are translating into positive change that has the potential to grow to and beyond 2031.

SUMMARY

The upstream oil & gas industry is a significant contributor to the Province of British Columbia (B.C.), supporting provincial revenues to pay for the services British Columbians rely on. The sector also invests in local economies while responsibly developing B.C.'s natural gas resources. As the source of supply for Canada's energy export ambitions, the upstream commitment to social and economic value will deliver long-term benefits to B.C. and Canada as a whole.

- The industry contributed approximately $5.5 billion in gross domestic product (GDP) to the provincial economy, generating the equivalent of 81,100 jobs in 2024. Companies also invest in educational partnerships to train and provide careers to B.C. residents.

- The industry is estimated to generate $1.3 billion in royalties and another $220 million in taxes and fees annually, and spends an estimated $1.4 billion on local supply chains, supporting over 1,600 companies.

- Eight First Nations have signed oil and gas Royalty Revenue Sharing agreements with the Crown, and companies are estimated to have spent $162 million on Indigenous supply chain services in 2025, supporting approximately 85 Indigenous businesses.

- B.C.'s upstream oil and gas industry is committed to minimizing its impacts on the environment and the industry's efforts are bearing fruit. Since 2014, upstream emissions have declined by 24%, while total B.C. natural gas production increased by 61%. As a result, emissions intensity decreased by 53%.

- In 2025, companies spent approximately $1 million in local communities on various initiatives, including education, health services, athletics and business improvement associations. At least 120 individual organizations have been supported by industry as a result.

Canadian natural gas production is forecasted to increase from approximately 19 billion cubic feet per day (bcf/d) in 2025 to 25 bcf/d by 2030 – an increase of 6 bcf/d. Much of this growth will be driven by LNG exports, with the majority (4.5 bcf/d) supplied from within the Province. This would bring B.C.'s total production to 12 bcf/d by 2030 up from 7.5 bcf/d, creating significant benefits for British Columbians. As the upstream industry grows responsibly, its contribution to the Province, Indigenous and local communities will also grow.

INTRODUCTION

In 2018, the Government of B.C. introduced a new policy framework to guide the development of new proposals in the LNG industry. The framework was designed to ensure that major LNG projects would proceed only if they delivered broad public benefits and aligned with the Province's environmental and reconciliation commitments. The core of this framework was a set of conditions that LNG projects must satisfy to demonstrate that development can generate economic opportunity while respecting the environment and the rights and interests of Indigenous Peoples.

Initially framed as four conditions, with a fifth condition added later, the Province required LNG projects to:

- guarantee jobs and training opportunities for British Columbians,
- guarantee a fair return for B.C.'s natural resources,
- respect and make partners of First Nations,
- protect B.C.'s air, land and water, including living up to the Province's climate commitments.[1]
- Demonstrate tangible benefits and mitigation measures for communities most affected by development.[2]

B.C.'s upstream oil & gas industry precedes LNG development in the province and operates under rigorous standards that evolved over many years of operation. The outcomes of these practices allow upstream industry benefits to map onto the values reflected in the conditions. These outcomes include: significant employment and training opportunities, government revenue and community investment in the province. The industry also works in collaboration with the Province and Indigenous groups to steward resource development in a manner that protects and mitigates impacts on B.C.'s air, land and water resources.

The upstream industry is also an important part of the LNG Canada success story as it provides critical natural gas feedstock to supply LNG Canada's operations. The upstream industry will also supply future LNG growth of the LNG industry, including Cedar LNG and WoodFibre LNG (both under construction), and projects that maybe built following Final Investment Decision (FID), including Ksi Lisims LNG and LNG Canada Phase 2.

This report seeks to articulate these benefits and demonstrate how the upstream natural gas industry contributes to the economic well-being of the province, while developing its natural resources responsibly.

1 Office of the Premier of British Columbia, New framework for natural gas development puts focus on economic and climate targets, 2018.

2 Ministry of Energy, Mines and Low Carbon Innovation, "Project and Five Conditions," 2017.

1. OPPORTUNITIES FOR BRITISH COLUMBIANS, JOBS AND TRAINING

Employment and training opportunities for British Columbians are an important part of the value upstream natural gas development delivers in the province.

1.1 Jobs for British Columbians

The upstream industry is a significant and sustained contributor to job creation and training for B.C. residents over the long-term. In 2024 the industry contributed approximately $5.5 billion in GDP to the provincial economy, generating the equivalent of 81,100 direct, indirect and induced jobs.

Upstream industry jobs are generated through oil and gas extraction activities and support activities for oil & gas (e.g. drilling and service industry). Direct jobs occur when companies hire staff and suppliers to invest, construct and drill wells and purchase materials. Indirect jobs are when suppliers make their own purchases from other businesses because of the direct investments. Induced jobs are when direct and indirect workers spend their earnings on housing, food, healthcare, education, recreation, and consumer goods.[3]

Oil and Gas Output, GDP and Jobs in B.C., 2024

			JOBS			
	Economic Output (000s)	Gross Domestic Product (000s)	Total	Direct	Indirect	Induced
Oil and gas extraction	$7,030,000	$5,190,000	17,800	1,610	12,200	4,040
Support activities for oil and gas extraction	$297,000	$311,000	63,300	39,300	8,640	15,300
Total	$7,327,000	$5,501,000	81,100	40,910	20,840	19,340

Source: Derived by Garrison Strategy from Statistics Canada Tables 36-10-0595-01 Input-output multipliers, provincial and territorial, detail level 2019; and 36-10-0402-01 Gross domestic product (GDP) at basic prices, by industry, provinces and territories.

Some of the direct jobs occur in urban settings across the province and are linked to science, technology, engineering, finance and consulting. Jobs in rural settings are closer to the wellhead and are typically highly skilled trades that enable local entrepreneurs and workers to work close to home and support community economic resilience.

While the total number of industry jobs generated from activity in B.C. is significant, the actual jobs located in B.C. can vary depending on business models and portfolios, how supply chains are distributed across Western Canada, and the availability of supports and services proximal to operating areas.

Oil and gas support activities tend to generate the most localized employment and business development opportunities in the communities where they operate. Industry drilled 609 wells in B.C. in 2024 – all in the northeast region of the province. According to the Canadian Association of Energy Contractors (CAOEC), every well generates

3 See Strafford Analytics. Available at: https://www.straffordanalytics.com/understanding-direct-indirect-and-induced-economic-effects-a-complete-guide/

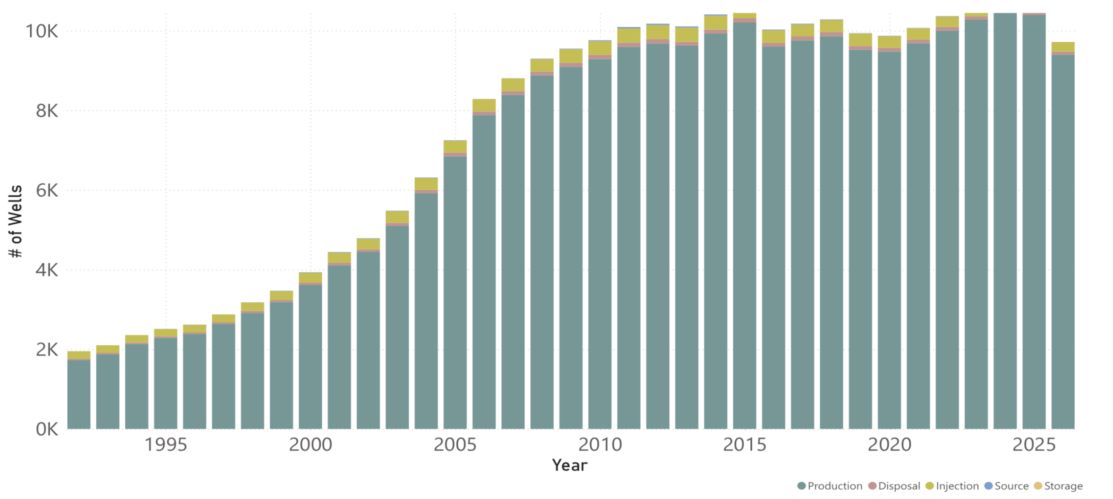
247 drilling rig related jobs (e.g. site preparation and drilling) and 70 service rig related jobs (e.g. stimulation, completion, tie-in, abandonment).[4] These jobs cover the lifecycle of a well and offer significant local employment and business development opportunities in the community. Below is a description of the various field jobs associated with drilling and servicing upstream oil and gas wells.[5]

As LNG exports grow over time, upstream oil and gas jobs in Northeast BC will continue to grow in number. Already the number of active wells in B.C. has increased significantly over the past decades and this trend is expected to continue.

Well Stage	Employment Roles
Site preparation	Geologist; Project Manager; Surveyors; Environmental and archeological assessors; Regulatory approvals and permits; Landowner and community engagement specialists; Wildlife sweeping and monitoring professionals; Land agents; Civil construction crews (e.g. removing vegetation, leveling the site, road construction etc.); Pad cleanup and waste removal; Regulators
Drilling	Drilling: Leasehand, Floorhand, Motorhand, Derrickhand, Driller, Tool Push/Rig Manager, and Field Supervisor. Support: Medic/ Health & Safety; Directional drilling specialist; Geologist; Mudman; Mud Product Hauling; Well water supplier; Potable water supplier; Managed Pressure; Drilling waste manager and transport (e.g. sawdust, cuttings, fluids); Camps (e.g. cooks, cleaners, managers); Completion service techs; Casing running (e.g. thread washers, rig tong handlers); Casing Haulers; Cementers; Pressure tester; Welder; Centrifuge tech; Wellsite Shack tech; Sewer/ Shack movers; Rig movement communicator; Pipe inspectors; Downhole equipment/ Shop tech; Rig and tank movers; Alternative Power specialist; Equipment hotshots; Logging; Vac Truck; Equipment fishers/ wireliners, Admin support
Well Servicing and Completion	Stimulation: Fracturing Operator and Operator in Training; Fracturing Supervisor; Fracturing Field Supervisor & Field Trainer; Fracturing QA/QC Tech; Fracturing Crew Bus Driver; Sand Hauling Coiled Tubing: Coiled Tubing Operator & Operator in Training; Coiled Tubing Supervisor; Coiled Tubing Field Supervisor Maintenance: Heavy Duty Mechanic – Journeyperson and Apprentice; Electronics Technician – Journeyperson & Apprentice;
Tie-in	Equipment management: Site Supervisor; Medic; Surveyor; Health and Safety; Equipment and materials hauling Support and Supply Chain: Prefabrication; Non-Destructive Examination; Mechanical/ structural management; Site accommodation facilities; Electrical services; Insulation/Utilidor; Programming/Start-up
Abandonment and Reclamation	Service Rig Crew; Company representative; Production Testers; Medic; Safety/H2S Professional; Trucking/ Transport; Fluid Hauling/ Vac truck; Inspection (onsite); Wireline/ Slickline specialists; Downhole Tools Cementers; Misc/Labour/Construction/ Welder;

4 CAOEC 2025 State of the Industry and 2026 Forecast. Available at: https://caoec.ca/files/state_of_the_industry_reports/CAOEC%20-%202025%20SOTI%20Report%20WEB%20FINAL.pdf
5 CAOEC. 2025. State of the Industry. Available at: https://caoec.ca/ev_calendar_day.asp?date=12/1/2025&eventid=94

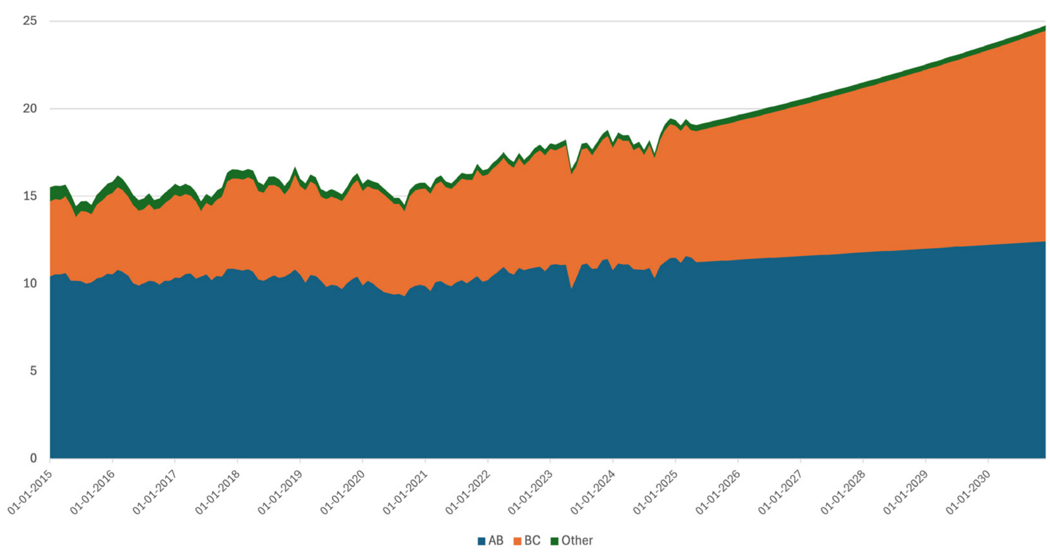
B.C. Wells Drilled Over Time



Source: B.C. Energy Regulator. Available at: https://www.bc-er.ca/data-reports/data-narratives/drilling-production/

Canadian natural gas production is forecasted to increase from approximately 19 bcf/d in 2025 to 25 bcf/d by 2030 – an increase of 6 bcf/d. Much of this growth will be driven by demand for LNG export in B.C. (5.5 bcf/d), with the majority (4.5 bcf/d) supplied from within the province.[6] By 2030 B.C. natural gas production could reach 12 bcf/d, up from 7.5 bcf/d.

Natural Gas Production Forecast (BCF/D)



6 Based on Garrison Strategy forecast. Consistent with AER, CER, and McCorry's forecasts.

B.C. LNG Projects

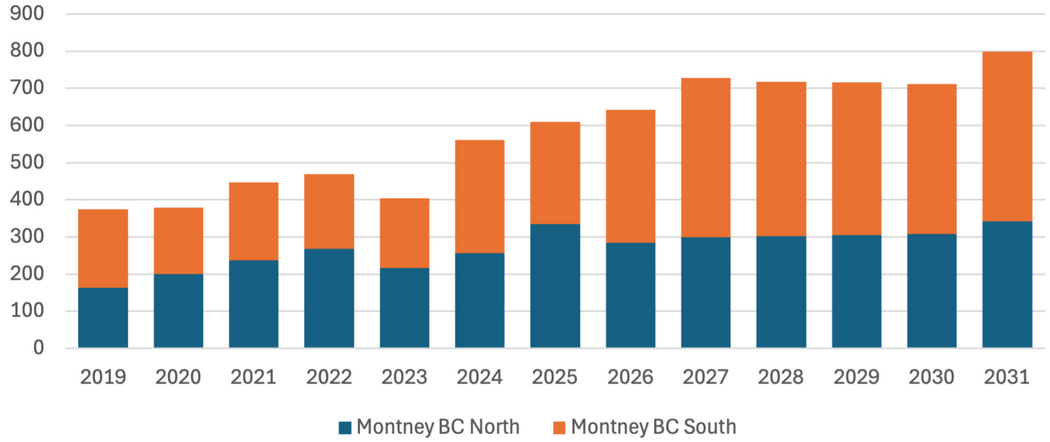
Project	Estimated Export Capacity (bcf/d)[7]	Expected In-Service	Status
LNG Canada 1	1.84	2025	In operation[8]
Woodfibre LNG	0.3	2027	Construction started in 2023[9]
Cedar LNG	0.4	2028	Construction started in 2024[10]
Ksi Lisims	1.7-2	2028/29	Pending final investment decision[11]
Tilbury Expansion	0.4	2029/30	Awaiting environmental assessment decision[12]
LNG Canada 2	1.84	~ 2030	Final investment decision expected by late 2026[13]

Source: Canadian Energy Regulator and Garrison Strategy

7 Canadian Energy Regulator. 2024. Market Snapshot: Exploring Canada's Future in LNG Exports. Available at: https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/market-snapshots/2024/market-snapshot-exploring-canadas-future-in-lng-exports.html
8 Shell Global. LNG Canada. Available at: https://www.lngcanada.ca/who-we-are/about-lng-canada/
9 Woodfibre LNG. 2026. Available at: https://woodfibrelng.ca/news/
10 Cedar LNG. 2026. Available at: https://www.cedarlng.com/news/
11 Ksi Lisims LNG. 2026. Available at: https://www.ksilisimslng.com/news
12 Government of British Columbia Environmental Assessments. Tilbury Phase 2 LNG Expansion. Available at: https://www.projects.eao.gov.bc.ca/p/5df7f1bfb7434b002164961c/project-details
13 https://pipelineonline.ca/feds-and-bc-agreement-on-lng-canadas-phase-2-expansion/#/?playlistId=0&videoId=0

As a result, future B.C. well drilling activity is expected to grow through 2031, which will help create highly skilled, well-paying permanent jobs in local communities over the long term.[14]

BC Montney Well Drilling Forecast



Source: Incorrys

1.2 Training for British Columbians

In support of the industry's current and future B.C. employment needs, companies are directly funding training programs to build expertise and capacity in the communities where they operate. Northern Lights College (NLC) opened a B.C. Centre of Training Excellence in Oil and Gas in Fort St. John.[15] The centre includes a Simulated Well Site Training Facility along with a full-sized drilling rig donated by Nabors Canada to give B.C. students hands-on training to build their long-term careers in oil and gas.

More recently, Tourmaline partnered with NLC to co-develop a 16-week hands-on training program, incorporating training modules in areas such as safety, drilling and completions, pipelines, land survey systems, production equipment, and pumps and compression.[16] Included in the program is a 15-hour course called Business Plan for Contractors, which provides students with the knowledge necessary to start a successful contracting or consulting business. Tourmaline invested approximately $300,000 to fund program development, instruction, and student tuition.

Following the success of the pilot program, NLC plans to accept general enrollment into the program in early 2026. Future plans include expanding access through sponsorships and integrating the program with other career pathways, such as power engineering and mechanical trades.

14 Incorrys. Available at: https://incorrys.com/energy/natural-gas-supply/canadian-gas/western-canadian-new-well-forecast/
15 Northern Lights College 2026. Industry Training Centres. Available at: https://www.nlc.bc.ca/industry-training-centres/
16 Tourmaline Oil Corp. 2025. Natural Gas: Building Canada's Energy Future. 2024 Sustainability Report. P 65. Available at: https://tourmaline-sustainability-2020.cdn.prismic.io/tourmaline-sustainability-2020/aTsGv3NYClf9oE9D_FINAL_TOUSustainabilityReport2024.pdf

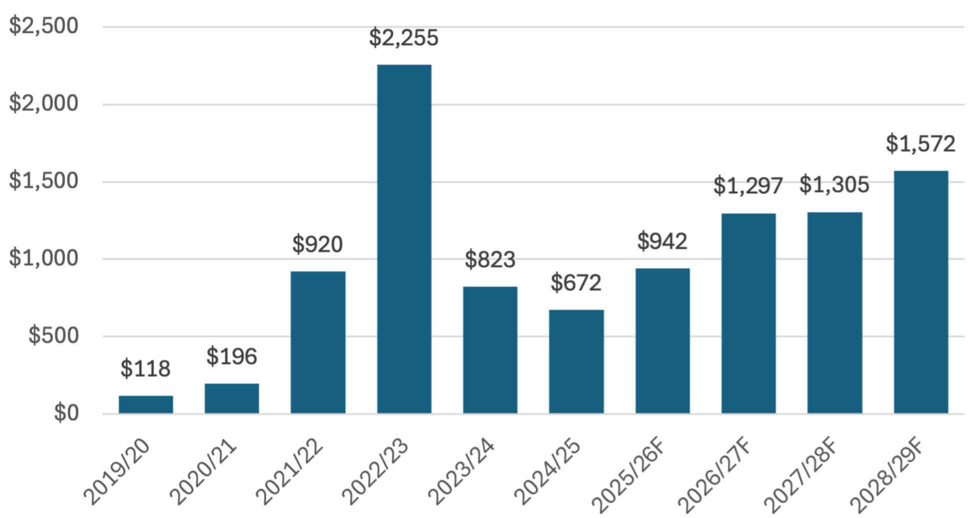
2. FAIR RETURN FOR BC RESOURCES

Canadian energy sources are often constrained in terms of market access, impacting both investment attraction and return compared to competing jurisdictions. As a result, finding ways to ensure fair and sustained return to the public for the province's resources is an overall priority. This includes not only government revenues, but broader economic benefits associated with increased market access, production, and value creation across the province.

2.1 Government Revenues

The upstream oil & gas industry generates direct revenues to the Province primarily through royalties and income taxes. These revenues help pay for the services British Columbians rely on, including healthcare and education. Since 2021, cumulative royalty payments to the Province are estimated at $5.6 billion, equivalent to approximately $1.2 billion on average annually.[17]

Natural Gas Royalties ($M)



Source: Government of B.C. Budget

This represents a significant contribution to the Province, which collects more in natural gas royalties than any other source of resource revenue. In fiscal year 2026-27, natural gas royalties are expected to be $1.3 billion, or 43% of total natural resource revenues. This is more than forestry ($521 million) and mining revenues ($320 million) combined. In fact, natural gas royalties generate more revenue for the Province than fuel taxes ($1 billion), B.C. Hydro ($712 million), and ICBC ($700 million).[18] These revenues are expected to rise to nearly $1.6 billion in 2028 as more LNG facilities become sanctioned and production ramps up to meet supply demands over the coming decade. Moreover, the industry contributed approximately $90 million in provincial income taxes[19] and another $129 million in fees in 2024.[20]

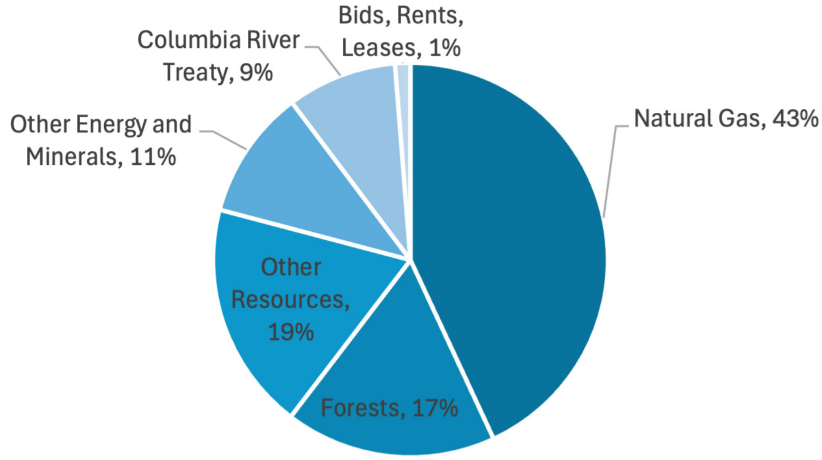
17 Government of British Columbia. 2026. Securing B.C.'s Future. 2026/27 – 2028/29 Budget and Fiscal Plan. P. 164 Available at: https://www.bcbudget.gov.bc.ca/2026/pdf/2026_Budget_and_Fiscal_Plan.pdf

18 Ibid

19 Derived by Garrison Strategy from Statistics Canada 2025. Statistics Canada. Table 25-10-0065-01 Oil and gas extraction revenues, expenses and balance sheet (x 1,000,000)

20 Derived by Garrison Strategy by Natural Resources Canada. 2025. ESTMA Reports and Data. Available at: https://natural-resources.canada.ca/minerals-mining/services-mining-industry/extractive-sector-transparency/links-estma-reports

BC 2026-27 Natural Resource Revenue Share (Total = $3B)



Source: Government of B.C. Budget

2.2 Accessing Global Prices

Royalties for British Columbia and fair value for Canadian natural gas resources are closely connected to the prices that producers are able to access through Canada's export infrastructure. Until now, that market access has been limited to Canada and the United States via an increasingly congested pipeline network. Expanded market access to international markets in Asia and Europe would improve the prices upstream producers receive for their natural gas and, in doing so, deliver more concrete fair value for British Columbia's resources. LNG Canada and Coastal GasLink are the beginning of realizing this enhanced pricing.

Today, the majority of Canadian natural gas production is exposed to the AECO pricing hub in Canada and Henry Hub in the United States. From 2021 to 2024, AECO pricing in USD ranged from a high of $3.98 per thousand cubic feet (mcf) in 2022 to a low of $0.96 per mcf in 2024. The pricing outlook at the time of writing remains below $2.00 USD, even in the context of conflict constraining global natural gas supplies.

Comparing this to pricing in Asia, notably the Japan/Korea Marker (JKM), the LNG price in USD saw a high of $33.89 per mcf and low of $12.01 per mcf over the same period. While LNG producers have the potential to access these prices to varying degrees depending on the nature of their supply contracts, net proceeds will need to account for the associated liquefaction and shipping costs. On balance, Province is expected to generate increased income tax revenues from LNG facilities, as well as additional royalties from the increased production needed to supply these facilities.

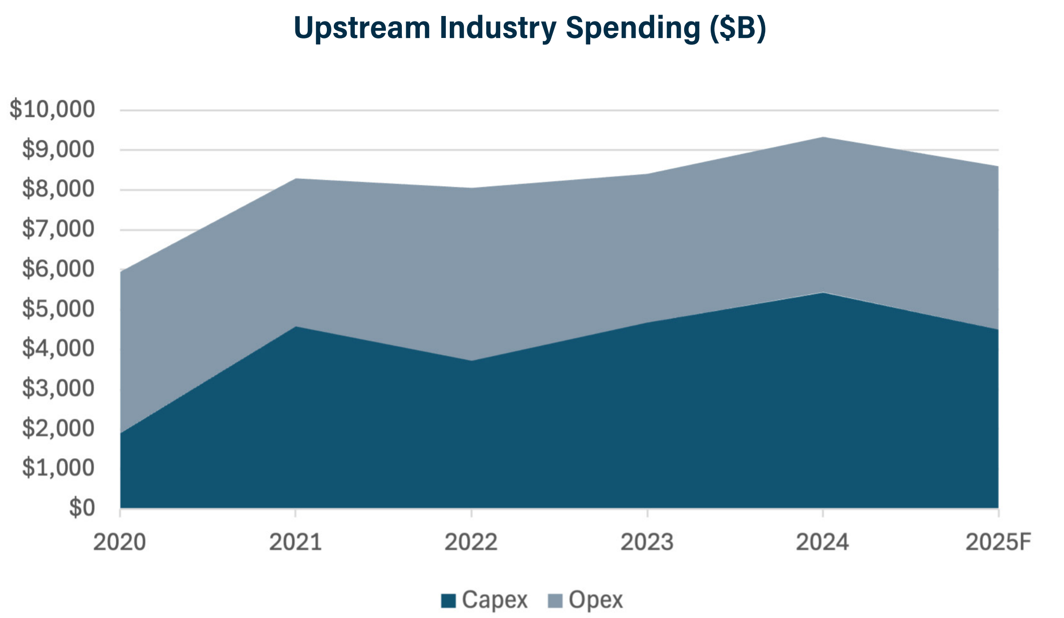
Domestic vs International Natural Gas Price Comparisons

	JKM LNG Price (US$/Mcf)	Dutch TTF LNG Price (US$/Mcf)	JKM LNG Price Less $4 Liquefaction & Shipping (US$/Mcf)	TTF LNG Price Less $4 Liquefaction & Shipping (US$/Mcf)	NYMEX (Henry Hub) Gas Price (US$/Mcf)	US$ AECO Gas Price (US$/Mcf)	NYMEX vs JKM Less Costs (US$/Mcf)	AECO vs JKM Less Costs (US$/Mcf)
2021	$17.89	$17.91	$13.89	$13.91	$3.61	$2.77	-$10.28	-$11.12
2022	$33.89	$40.22	$29.89	$36.22	$6.32	$3.98	-$23.57	-$25.91
2023	$14.38	$13.10	$10.38	$9.10	$2.57	$1.86	-$7.81	-$8.52
2024	$12.01	$10.96	$8.01	$6.96	$2.32	$0.96	-$5.69	-$7.05
2025	$12.36	$12.35	$8.36	$8.35	$3.43	$1.21	-$4.93	-$7.14
2026 Strip	$15.71	$14.36	$11.71	$10.36	$3.63	$1.23	-$8.08	-$10.48
2027 Strip	$13.30	$12.72	$9.30	$8.72	$3.55	$1.72	-$5.75	-$7.58

Source: Tourmaline Oil Corp., Current as of April 27, 2026

2.3 Supply Chain

In addition to growing direct revenues paid to the government, significant benefits throughout the B.C. economy are driven by a higher margin and growing natural gas industry. Industry capital and operating spending combined was $9.3 billion in 2024 and is expected to be $8.6 billion in 2025.[21]

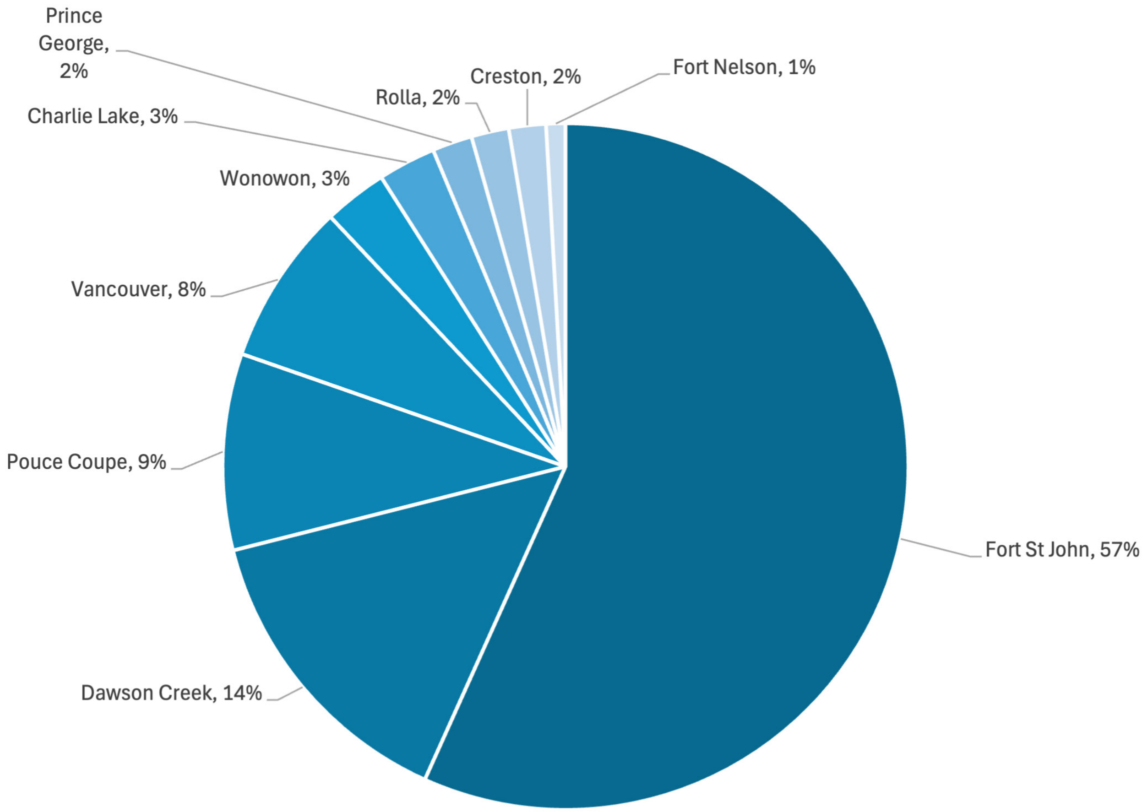


Source: CAPP Statistics Handbook

21 Derived by Garrison Strategy from CAPP Statistical Handbook, available at: https://www.capp.ca/en/resources-news/capp-stats-handbook/

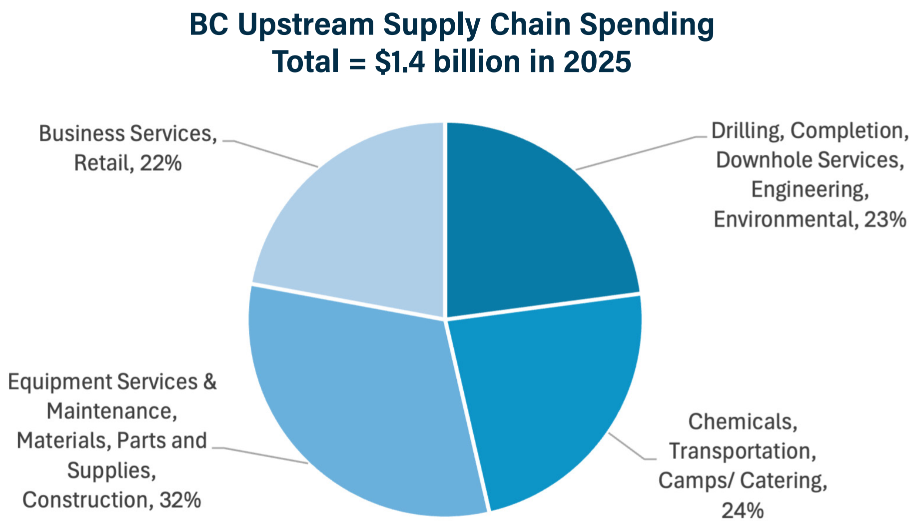
This spending generates significant economic activity within the local B.C. economy. It is estimated that upstream oil and gas companies spent $1.4 billion in 2025 on the local supply chain in B.C., supporting over 1,600 companies.[22] The majority of this spending is in NEBC in communities such as Fort St. John, Dawson Creek and Pouce Coupe. The top spending categories are parts and equipment (32%), camps, catering and chemicals (24%), drilling, completion and downhole services (23%) and business services & retail (22%).

BC Upstream Supply Chain Spending by Community



Source: Garrison Strategy and iTotem

22 Derived by Garrison Strategy from CAPP Statistical Handbook, company information and iTotem 2024. Available at: https://www.capp.ca/wp-content/uploads/2024/02/BC-Natural-Gas-and-Oil-Supply-Chain-Community-and-Investment-Study.pdf



Source: Garrison Strategy and iTotem

2.4 Provincial Funding for Local Communities

In addition to local supply chain spending, eight Peace River communities and the Province signed a 20-year, $1.1 billion Peace River Agreement (PRA) "to develop the Peace River as a northeast service centre for industry and its employees."[23] It is estimated that a total of $50 million is paid annually for 20 years to these communities, which include District of Chetwynd, City of Dawson Creek, City of Fort St. John, District of Hudson's Hope, Village of Pouce Coupe, District of Taylor, District of Tumbler Ridge and Peace River Regional District. This is another example of industry benefits in local communities.

23 Government of British Columbia. 2016. Peace River Agreement to pay out $50 million. Available at: https://news.gov.bc.ca/releases/2016CSCD0014-000528#:~:text=The%20agreement%20will%20continue%20to,the%20satisfaction%20of%20the%20province

3. FIRST NATIONS ENGAGEMENT AND BENEFIT

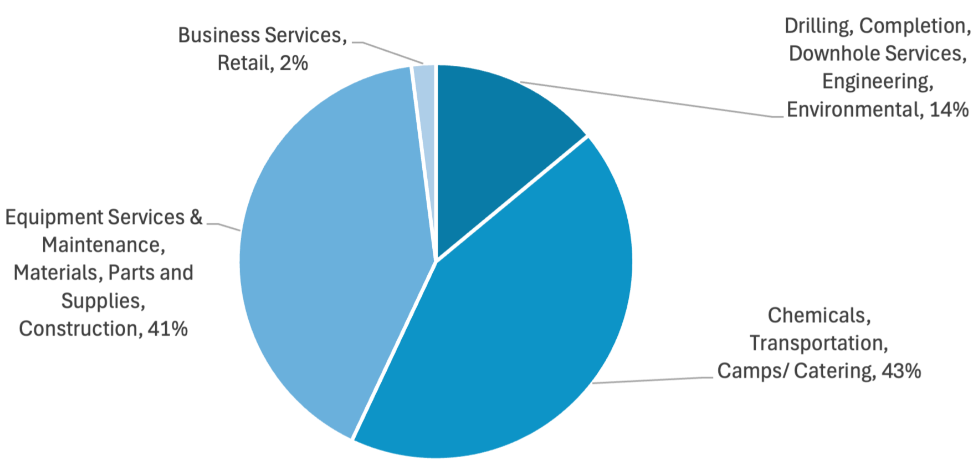
Ensuring that natural resource development benefits First Nations where activity is happening is a foundational element of British Columbia's approach, reflecting the importance of reconciliation and shared economic participation. In keeping with other parts of the LNG value chain, the growth of upstream natural gas is delivering direct economic benefits to many First Nations in operating areas in British Columbia.

Eight First Nations have signed Royalty Revenue Sharing agreements with the Province, including Blueberry River, Doig River, Fort Nelson, Halfway River, McLeod Lake, West Moberly, Prophet River and Saulteau.[24] These agreements establish a foundation for long-term benefit sharing tied to upstream oil and gas development.

Additionally, many companies have bi-lateral agreements with First Nations in areas where they operate. These can cover a range of topics including funding commitments, capacity building, supply chain provision and employment contracts. While the terms of these agreements tend to be confidential, in 2024, companies reported paying $10.7 million to a subset of First Nations including Blueberry River, Doig and West Moberly.[25]

Upstream oil and gas companies also rely on Indigenous communities and businesses to provide supply chain services in support of their operations. Companies are estimated to have spent $162 million on Indigenous supply chain services in 2025, supporting approximately 85 Indigenous-affiliated businesses.[26] These businesses provide a

Distribution of Indigenous Supply Chain Spending
Total = $162 million in 2025



Source: Garrison Strategy and iTotem

24 Government of British Columbia. 2024. First Nations Negotiations. Available at: https://www2.gov.bc.ca/gov/content/environment/natural-resource-stewardship/consulting-with-first-nations/first-nations-negotiations
All 8 First Nations are referenced in the Blueberry River First Nation Implementation Agreement, Page 111. Available at: https://www2.gov.bc.ca/assets/gov/environment/natural-resource-stewardship/consulting-with-first-nations/agreements/blueberry_river_implementation_agreement.pdf

25 Derived by Garrison Strategy by Natural Resources Canada. 2025. ESTMA Reports and Data. Available at: https://natural-resources.canada.ca/minerals-mining/services-mining-industry/extractive-sector-transparency/links-estma-reports

26 Derived by Garrison Strategy from CAPP Statistical Handbook, company information and iTotem 2024.

breadth of supports for the industry, including camps and catering, drilling completion, equipment services and business/ retail.

Over and above supply chain spending, companies have invested an additional $4 million into Indigenous communities in 2025. Areas of focus include shared value creation, capacity funding, festivals & fairs, business improvement associations, recreation and land users, educational support, health services, community athletics and sports and senior support.[27]

In 2024, Ovintiv entered the second year of a commitment of C$400,000 in funding over three years supporting the preservation of Indigenous culture through the development of a museum and interpretive center at the Tse'k'wa National Historic Site in Charlie Lake. The site is the result of a unique collaboration between the Doig River First Nation, Prophet River First Nation and West Moberly First Nation.[28]

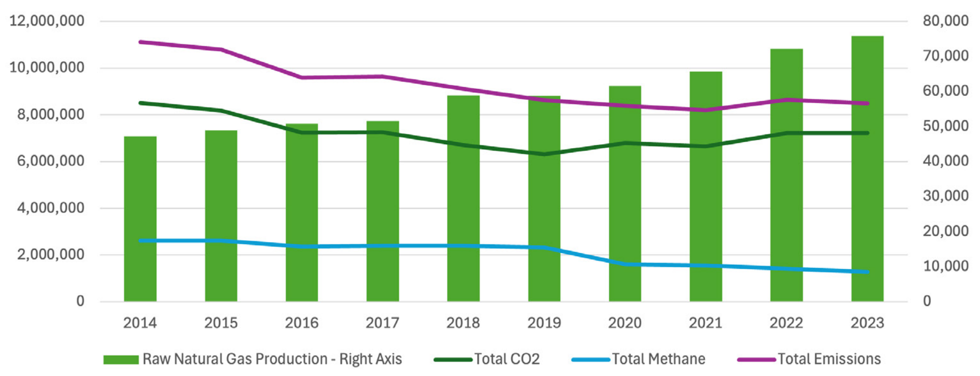
Both Shell Canada and Tourmaline provide funding to the Indspire program, which is a national charity supporting Indigenous education. Shell Canada provides an Indigenous scholarship while Tourmaline launched an Indigenous Student Bursary Program that committed $600,000 over six years.[29] Ovintiv's support for Indigenous learning in Canada has been established for several years and reflects a total annual commitment of $66,000 over four educational institutions, including Northern Lights College.[30]

27 Derived by Garrison Strategy from CAPP Statistical Handbook, company information and iTotem 2024.
28 Ovintiv 2024. Sustainability Report. Available at: https://sustainability.ovintiv.com
29 Tourmaline Oil Corp. 2025. Natural Gas: Building Canada's Energy Future. 2024 Sustainability Report. P 69. Available at: https://tourmaline-sustainability-2020.cdn.prismic.io/tourmaline-sustainability-2020/aTsGv3NYClf9oE9D_FINAL_TOUSustainabilityReport2024.pdf
Shell Canada. Shell Canada Indigenous Scholarship. Available at: https://indspirefunding.ca/shell-canada/
30 Ovintiv 2024. Sustainability Report. Available at: https://sustainability.ovintiv.com

4. ENVIRONMENTAL LEADERSHIP: PROTECT AIR, LAND & WATER

British Columbia's framework for natural resource development includes the dimension that it must proceed in a manner that protects air, land, and water, including alignment with the Province's climate commitments. B.C.'s upstream oil and gas industry is committed to minimizing its impacts on the environment and the industry's efforts are achieving results. Since 2014, upstream emissions have declined by 24%, with methane reductions alone accounting for a 51% reduction.[31]

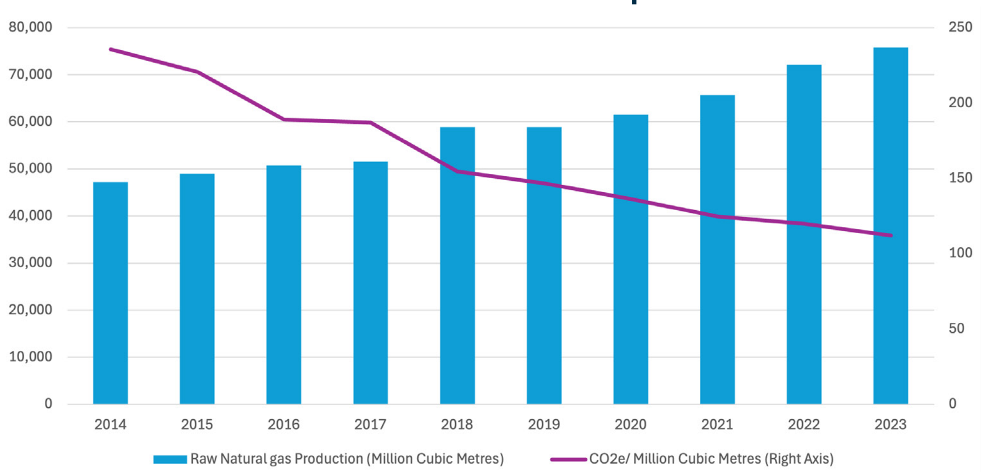
BC Raw Natural Gas Production and Upstream Emissions



Source: Government of B.C.

Over this period total B.C. natural gas production increased by 61%. As a result, emissions intensity (carbon dioxide equivalent (CO2e)/ million cubic metres) decreased by 53%. Essentially, the B.C. upstream oil and gas industry is producing more while emitting less which is the result of a concerted effort on the part of producers to reduce their upstream emissions.

BC Raw Natural Gas Production and Upstream Emissions



Source: Government of B.C.

31 Derived by Garrison Strategy from Government of B.C. Industrial Greenhouse Gas Emissions Report Data. Available at: https://www2.gov.bc.ca/gov/content/environment/climate-change/data/industrial-facility-ghg

The companies themselves have adopted corporate targets and advanced initiatives to help improve their emissions performance on a sustained basis going forward. Through its comprehensive approach to measuring and reducing emissions, Ovintiv decreased its absolute Scope 1 & 2 GHG emissions by more than 45%, and methane emissions by more than 70% since 2019.[32] Similarly, Tourmaline set a target to reduce corporate emissions intensity by 25% between 2018-2027, and reduce methane emissions intensity by 55% between 2020-2027. Its lifecycle natural gas carbon intensity was rated 68% lower than the GHGenius lifecycle analysis tool developed for Natural Resources Canada.[33] In fact, Tourmaline has become the first Canadian natural gas producer to achieve MiQ Grade A Certification.[34] Shell has also undertaken efforts to reduce emissions and minimize environmental impacts and their gas has received EO100 certification by equitable origin.[35]

> "Across PETRONAS Canada, we are passionate about developing our assets responsibly and are proud that Equitable Origin certified that our natural gas is produced with some of the highest environmental, social, and governance standards."
>
> Shannon Young,
> General Counsel & Vice President,
> External Affairs, PETRONAS Canada

Key technologies being deployed by these companies include leak detection and repair (LDAR) to track and reduce methane emissions, replacing pneumatic pumps with electric pumps that do not vent methane, displacing combustion fuels with hydroelectricity to power upstream facilities, switching from diesel to natural gas powered drilling and service rigs, redesigning wellsites to maximize energy use and recycle waste heat, and upgrading compressor engines to reduce methane emissions and improve energy efficiency.

All told, upstream oil & gas companies in B.C. are making significant progress on reducing emissions and continue to innovate and deploy technologies that continually improve performance.

32 Ovintiv 2024. Sustainability Report. Available at: https://sustainability.ovintiv.com

33 Tourmaline Oil Corp. 2025. Natural Gas: Building Canada's Energy Future. 2024 Sustainability Report. P 29, 27. Available at: https://tourmaline-sustainability-2020.cdn.prismic.io/tourmaline-sustainability-2020/aTsGv3NYClf9oE9D_FINAL_TOUSustainabilityReport2024.pdf

34 MiQ is the not-for-profit global leader in methane emissions certification, working with operators, gas buyers and traders, methane tech providers, and independent auditors, all involved in their mission to abate methane emissions from the oil and gas industry. See the following link for more information: https://www.tourmalineoil.com/miq-certification

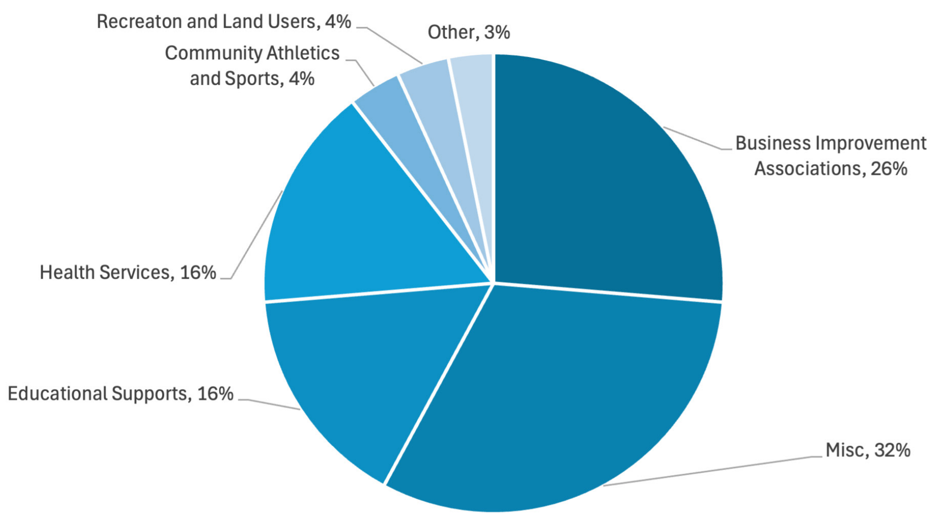
35 Shell Canada Achieves EO100™ Certification for British Columbia Gas Production – Brings Gas Certification into the Mainstream https://www.equitableorigin.org/news/shell-canada-achieves-eo100-certification-for-british-columbiagas-production-brings-gas-certification-into-the-mainstream

5. COMMUNITY BENEFITS

The upstream oil and gas industry has become more than a driver of economic activity, it has also contributed to community well-being through targeted investments, partnerships, and funding contributions. Alongside employment and business opportunities, companies support organizations and initiatives that directly impact daily life in operating communities, including housing, healthcare, education, and social services.

In 2025 companies spent approximately $1 million in local communities on various initiatives, including education, health services, athletics and business improvement associations.[36]

2025 Upstream Community Investment by Category ($1 million)



Source: Garrison Strategy and iTotem

Ovintiv financially supported over 60 community organizations in Northeast B.C. including foodbanks, churches, foundations, libraries and fire departments. Similarly, Tourmaline supported 60 separate organizations as well, targeting education, health, youth and sports activities.[37] Clearly the upstream industry is committed to supporting local communities where they operate, which helps strengthen their viability and social fabric, and enhance their quality of life.

36 Derived by Garrison Strategy from CAPP Statistical Handbook, company information and iTotem 2024.
37 Tourmaline Oil Corp. 2025. Natural Gas: Building Canada's Energy Future. 2024 Sustainability Report. P 73.

SUMMARY & CONCLUSION

The growth of Canada's liquefied natural gas sector depends on a healthy upstream natural gas industry – one capable of filling demand from current and future LNG projects. Today and in the future the upstream oil & gas industry will be a significant contributor to the Province of British Columbia (B.C.) and its services and to Canada's energy export diversification agenda.

The world is counting on Canadian natural gas and as this report shows, Canadian gas is delivering for the province and for the country, supporting provincial revenues and investing in local economies while driving national supply chains. Like its downstream and midstream counterparts, the data shows that the upstream natural gas industry operations deliver on important social, environmental and economic priorities as B.C. seeks greater resource development.

- The industry contributed approximately $5.5 billion in gross domestic product (GDP) to the provincial economy, generating the equivalent of 81,100 jobs in 2024. Companies also invest in education partnerships to train and provide careers to B.C. residents.

- The industry is estimated to generate $1.3 billion in royalties and another $220 million in taxes and fees annually, and spends an estimated $1.4 billion on local supply chains, supporting over 1,600 companies.

- Eight First Nations have signed oil and gas Royalty Revenue Sharing agreements with the Crown, and companies are estimated to have spent $162 million on Indigenous supply chain services in 2025, supporting approximately 85 Indigenous businesses.

- B.C.'s upstream oil and gas industry is committed to minimizing its impacts on the environment and the industry's efforts are achieving world-leading results. Since 2014, upstream emissions have declined by 24%, while total B.C. natural gas production increased by 61%. As a result, emissions intensity decreased by 53%.

- In 2025 companies spent approximately $1 million in local communities on various initiatives, including education, health services, athletics and business improvement associations. At least 120 individual organizations have been supported by industry as a result.

Canadian natural gas production is forecasted to increase from approximately 19 billion cubic feet per day (bcf/d) in 2025 to 25bcf/d by 2030 – an increase of 6 bcf/d. Much of this growth will be driven by LNG exports, with the majority (4.5 bcf/d) supplied from within the Province. This would bring B.C.'s total production to 12 bcf/d by 2030, up from 7.5 bcf/d, creating significant benefits for British Columbians.

Growth through supplying LNG brings with it the added benefit of accessing world prices for natural gas which are consistently higher than pricing available within the North American market. This means even more value for Canadian communities, workers, Indigenous nations and the country as a whole. As the upstream industry grows responsibly these contributions will continue to grow.

APPENDIX 4A

List of Communities of Interest

Local Government
Burns Lake, The Corporation of the Village of
Chetwynd, District of
Dawson Creek, The Corporation of the City of
Fort St. James, District of
Fort St. John, City of
Fraser Lake, Village of
Houston, District of
Hudson's Hope, District of
Kitimat, District of
Mackenzie, District of
Peace River Regional District
Port Edward, District of
Prince George, City of
Prince Rupert, City of
Regional District of Bulkley-Nechako
Regional District of Fraser-Fort George
Regional District of Kitimat-Stikine
Smithers, Town of
Taylor, District of
Telkwa, The Corporation of the Village of
Terrace, City of
Tumbler Ridge, District of
Vanderhoof, District of

Indigenous Nations
Blueberry River First Nations
Coastal First Nations Great Bear Initiatives Society
Doig River First Nations
Fort Nelson First Nation
Gitga'at First Nation
Gitxaala Nation
Haisla Nation
Halfway River First Nation
Kitselas First Nation
Kitsumkalum First Nation
Lax Kw'alaams First Nation
Lheidli-T'enneh First Nation
McLeod Lake Indian Band
Metlakatla First Nation
Nadleh Whut'en First Nation
Nak'azdli First Nation
Nee-Tahi-Buhn Nation
Prophet River First Nation
Saik'uz First Nation
Saulteau First Nations
Skin Tyee First Nation
Stellat'en First Nation
Ts'il Kaz Koh First Nation
West Moberly First Nations
Wet'suwet'en First Nation
Witset First Nation
Yekooche First Nation