



December 14, 2018

Mayor Jack Crompton
Resort Municipality of Whistler
4325 Blackcomb Way
Whistler, BC V0N 1B4
Email: jcrompton@whistler.ca

Dear Mayor Crompton,

We have received your letter of November 15 regarding the local concerns that the Resort Municipality of Whistler (RMOW) has related to the impacts of climate change and greenhouse gas (GHG) emissions.

Canadian Natural and indeed the entire Canadian energy sector share the RMOW's concerns about the importance of reducing GHG emissions. It is very important to acknowledge that climate change and GHG emissions are a global issue that requires global solutions. We take these concerns very seriously and would like to take this opportunity to provide the RMOW with information on the meaningful actions that the sector has taken to successfully address this issue.

To focus on climate change and GHG emissions from a solely Canadian perspective unnecessarily limits the opportunity that is available to all of us in reducing the impacts of climate change globally. Canadian oil and natural gas is an important part of the solution to reducing global GHG emissions. We know that we still have more that we can do, and by working together, we are confident that the actions we take now can accelerate positive change.

How Canada can be a leader may surprise you. I would like to share some facts with you that are not well understood before I outline how Canada can and should be a leader and, more importantly how RMOW can be instrumental in supporting Canadian leadership.

The world needs energy of all forms

The world population continues to grow, projected to exceed 9 billion by 2040, requiring an increase of 27% of affordable energy to be supplied to meet this growth. As developing economies grow and the worldwide middle class expands, the world will require energy in all forms including oil and natural gas. While the role of renewable energy sources will continue to expand, they are not currently as affordable and reliable as other fuel sources. Access to affordable, reliable, and abundant oil and natural gas lifts people out of poverty, unlocks human potential and raises the standard of living. The United Nations links general health outcomes directly to greater energy consumption. We believe that it should be a global goal that every community is able to obtain improved health outcomes and achieve their desired standard of living.

Canada as the world energy supplier of choice

Canada should be the world energy supplier of choice in meeting global energy needs, and by doing so, make a significant contribution to lowering global GHG emissions. To meet the IEA 2018 Sustainable Development (most stringent) climate scenario, we would still have oil demand close to 70 million b/d in 2040 from today's level of roughly 110 million b/d. Canada's lower emissions oil and natural gas should be a major part of meeting this global demand while ensuring that we meet global climate goals as soon as possible.

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Canada's responsibly produced oil and natural gas can mitigate the impact of climate change globally. The Trans Mountain pipeline, if constructed, would transport roughly 590,000 b/d of oil, produced with leading environmental and social standards, to global markets. It is critical for Canadians to support our sector in continuing to lead with innovative environmental solutions that demonstrate to the world that Canadian resources can be developed while balancing the environment and the economy. Significant improvements in environmental outcomes and GHG emissions would occur if other countries adopted Canada's standards. For example, if Canadian standards were recognized and applied worldwide, the amount of GHG emissions from producing a barrel of oil would fall by 23%, the equivalent of removing approximately 100 million cars from the road. By approving and constructing the Trans Mountain pipeline, Canada will be reducing global GHG emissions.

As natural gas has the lowest GHG intensity of all hydrocarbon fuels, Canadian natural gas would be even more impactful in reducing global emissions. According to the B.C. LNG Alliance, supplying the world with the lowest-carbon footprint LNG will go further in reducing global emissions when LNG from B.C. is used to replace coal. Natural gas from one large LNG plant in B.C., exported to Asia, could provide enough energy to replace or displace up to 40 coal-fired power plants with cleaner-burning natural gas. Global GHG emissions could be reduced by 60 million to 90 million tonnes of CO₂ per year — an amount greater than B.C.'s total annual emissions and roughly 10% of Canada's annual GHG emissions.

Canada's oil and natural gas industry is leading the way in GHG emissions performance

What the Canadian energy sector has done to reduce GHG emissions is a true Canadian success story. Through Canadian ingenuity, we have leveraged technology and continuously improved our operations to deliver outstanding and meaningful results with much more to come. Some key facts for you to consider include:

- Canada's oil and natural gas resources are developed under a progressive and leading approach to climate change. Canada's oil and natural gas industry has always been safely and responsibly developed with world leading standards under very comprehensive regulatory oversight.
- Production from the oil sands, once thought to be of higher GHG emissions intensity, is now produced at levels on a wells-to-wheels basis at levels very close, or below global averages. And, there is a pathway to reduce emissions intensity well below the average with further advancements in technology. In fact, Canadian Natural's aspirational goal is to produce with net zero emissions.

At Canadian Natural, we have invested \$3.1 billion since 2009 in R&D and technologies to continuously improve our environmental performance and deliver results, including:

- 18% reduction from 2013 to 2017 in our corporate GHG emissions intensity
- 71% reduction in methane emissions in our heavy oil operations since 2013
- being a leader in CO₂ capture and sequestration, the 3rd largest in the oil and gas sector in the world, taking the equivalent of 576,000 cars off the road per year
- 17.9 million tonnes of CO₂ reduced in the last 5 years by leveraging technology, the equivalent of taking 3.8 million cars off the road

Canada's lower GHG emissions intensity oil and natural gas creates hundreds of thousands of well-paying jobs

Through the ongoing and responsible development of Canada's resources, the sector supports the livelihoods and the quality of life for an untold number of Canadian families, creating approximately 533,000 total jobs across Canada in 2017, including roughly 50,000 in British Columbia, 63,000 in Ontario and 18,000 in Quebec. Government revenues from these activities support investments into technology and innovation to enhance renewable energy development while funding important aspects of Canada that we all cherish, like our health care system. According to the Royal Bank of Canada, government revenue from the sector pays for 10% of the country's health care costs, or the equivalent of 1 in 10 doctors for all of Canada.

CANADA CAN and SHOULD be a LEADER

When you consider the facts above, I believe that you will come to the same conclusion that we have – Canada can and should be a leader when it comes to managing the impacts of climate change and reducing GHG emissions. Canada should have a major role in providing responsibly produced, low GHG intensity oil and natural gas to growing economies, lifting millions of people out of poverty. At the same time, creating hundreds of thousands of well-paying jobs for Canadians and providing significant government revenues to help transition to a lower carbon energy mix and fund health care and education. This is a unique opportunity that as Canadians we have a responsibility not only to our fellow Canadians, but the global community, to pursue.

We invite the RMOW to support Canada's responsibly produced resources and help to make a difference to the world

To achieve these goals will take action and leadership from everyone, including the RMOW. We ask that you take the time to consider the above facts and join the rest of Canadians to support this unique leadership opportunity. The RMOW can do this in many ways, but the most obvious are as follows:

- 1) **Support enhanced market access for Canada's responsibly developed resources.** This includes the construction of the Trans Mountain pipeline once all the regulatory requirements are completed, as well as providing support for current and future LNG projects.
- 2) **Share these facts with others.**

In summary, we share your concerns on the impacts of climate change and GHG emissions. Canadian Natural and the entire Canadian oil and gas sector have taken significant and meaningful actions to address these issues. We ask that you also seriously consider taking the actions suggested and join us in making a major difference in global GHG emissions.

If you would like to consider these actions in more detail we would be pleased to sit down and have a conversation on how we can work together to achieve these goals.

Sincerely,



Tim McKay
President