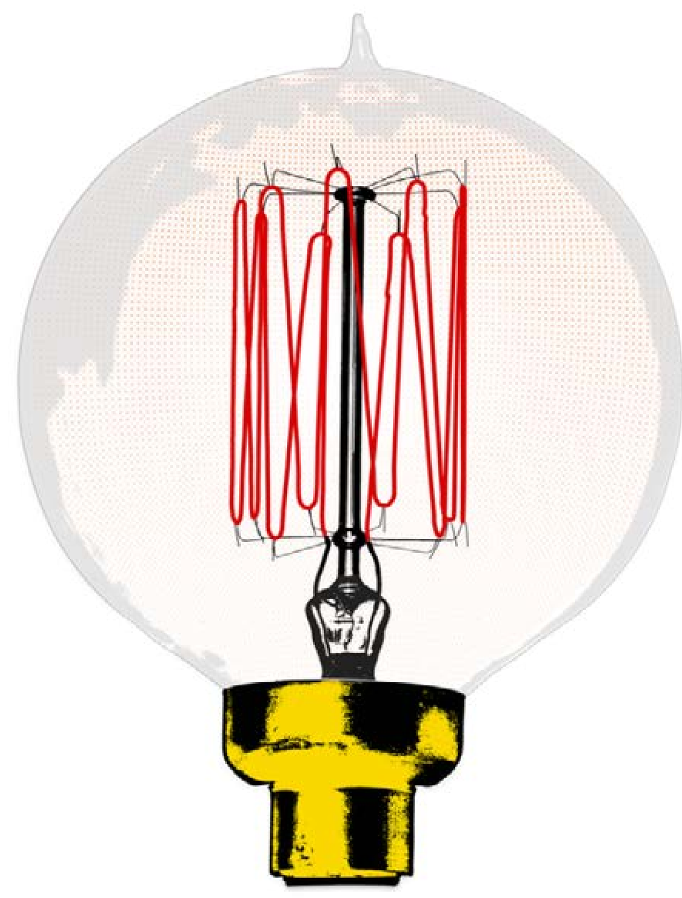


LNG and Canada's Energy Ambition

Chapter IV. Navigating Indigenous Rights in BC Resource Development

Canada's first West Coast LNG shipment marks a long-awaited milestone, but scaling the industry is hampered by regulatory and policy overlap. This five-part Now You're Thinking *miniseries draws on expert insights across the supply chain, highlighting both challenges and opportunities — from Indigenous partnership models to global competitiveness and broad economic benefits.*

Summary

- Indigenous rights are reshaping BC resource development, shifting decision-making and investment opportunities towards Indigenous communities.
- Benefit agreements and equity participation, supported by improved access to capital, are now necessary for advancing projects.
- The Blueberry River First Nations Supreme Court ruling limits industrial development in certain resource-bearing regions, creating uncertainty for natural gas investment and economic growth in BC.
- LNG development is a transformative opportunity to address rural poverty and build long-term Indigenous prosperity.

The New Reality: An Evolving Landscape

Studio.Energy interviewed 11 experts spanning Canada's LNG supply chain — upstream producers, LNG project proponents, policy specialists, legal advisors, and regulators — under strict confidentiality. This chapter in a five-part miniseries highlights expert views on the evolving role of Indigenous rights and participation in BC and the implications for resource development.

All members of the expert group agree that Indigenous rights and participation are now central to the future of natural resource development in BC. While new legal frameworks and land-use agreements introduce some constraints, equity partnerships are paving the way for a positive path forward that aligns economic development with Indigenous priorities. Therefore, the success of Canada's LNG ambitions will depend, in part, on how effectively governments, industry, and Indigenous communities work together to build the industry.

> ***"[Cedar LNG] will serve as a reminder of what can be done when Indigenous Nations are given a share and a say in how our resources are used for the benefit of our people and the environment."*** [1]
>
> - Former Chief Councillor of the Haisla Nation, Crystal Smith

Shifting Ground: Indigenous Rights on Land Governance in BC

While Studio.Energy's interview findings are not grounded in legal analyses, the perspectives received by the legal experts interviewed revealed a clear trend: in BC, the control over land and the industrial projects built on it — such as LNG terminals, pipelines, and upstream gas developments — is shifting, and will continue to shift, toward First Nations.

A series of developments have reinforced this shift, including BC's adoption of the Declaration on the Rights of Indigenous Peoples Act in 2019 and

[1] First Steel Cut for Cedar LNG Vessel; Cedar LNG; June 6, 2025

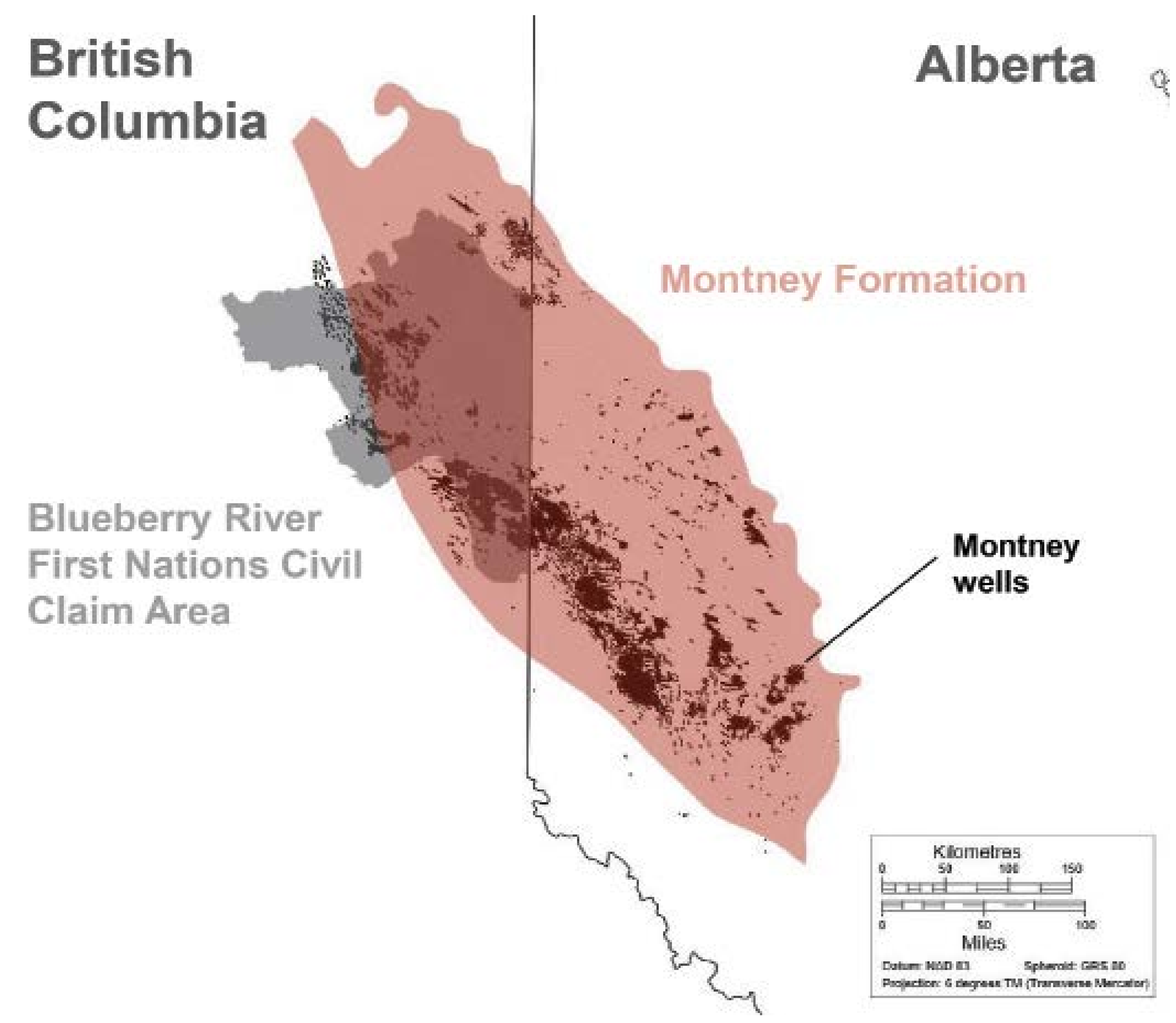
amendments to BC's Environmental Assessment Act in 2023. As well, the landmark 2021 Blueberry River First Nations (BRFN) Supreme Court decision found that British Columbia had breached Treaty 8 rights through the cumulative effects of industrial development, effectively halting new development in the area. In response, BRFN and the Province worked together to create new rules for land management. This led to the 2023 Implementation Agreement, which places limits on land disturbance from oil and gas and forestry activities. The legal experts also highlight that modern treaty negotiations are reshaping the landscape, such as those underway with the Kitselas First Nation near Terrace, just 60 kilometres from Kitimat, home to the LNG Canada and Cedar LNG projects.

As Haisla Nation's former Chief Councillor Crystal Smith — who represented the Nation that holds a majority stake in Cedar LNG — has said, Indigenous communities want "a share and a say." Developers and their proponents who do not adopt this orientation are unlikely to succeed in securing the jurisdictional consent needed to move projects forward.

Constraints on BC's Natural Gas Production Growth

Based on Studio.Energy's expert interviews, including representatives from companies actively drilling in the Montney region, the BRFN Implementation Agreement has made oil and gas development in the BRFN territory — which overlaps a large portion of the Montney formation in BC (see the following figure) — more challenging. The upstream experts note that companies have limited visibility into what development is allowed, with the planning horizon measured in weeks rather than years. Consequently, the BC Energy Regulator has had to move to a just-in-time permitting approach. This stands in stark contrast to the multi-year planning required for upstream companies to underpin large LNG export projects. Even with strong LNG demand, several upstream experts observed the risk for companies to redirect capital to other exploration and development opportunities, either farther south in BC or across the border in Alberta, where the land is not subject to the same restrictions.

Montney Formation Spans BC and Alberta



Sources: geoSCOUT, Government of Alberta, Government of British Columbia

Despite these restrictions, drilling activity levels within the Blueberry River First Nations territory in the Montney region have remained steady since 2021.[2] From the industry experts' perspective, there is likely to be a missed opportunity for greater economic activity in BC, hence more royalties and taxes. With fewer restrictions placed on such a high-quality resource base, the potential for growth could have been greater over this same period.

For reference, in 2024, the upstream oil and gas sector contributed roughly C$14 billion to BC's GDP.[3] With the potential for additional LNG export terminals, production could grow substantially, but if activity is constrained in the Blueberry River First Nations territory, BC may cede a significant part of this growth opportunity to Alberta.

[2] BC Montney drilling activity on Blueberry River First Nations lands totalled 349 spuds in 2020, 473 in 2021, 324 in 2022, 547 in 2023, and 478 in 2024 (source: geoSCOUT).

[3] Table 36-10-0402-01 Gross Domestic Product (GDP) at Basic Prices, by Industry, Provinces and Territories (x 1,000,000); Statistics Canada; May 1, 2025

A Share and a Say: The Win-Win Model Growth

There is consensus among all the experts the Studio interviewed that major natural gas and LNG projects can move forward in BC, particularly projects that confer Indigenous equity ownership or other meaningful benefit agreements. Corporate interests that give communities "a share and a say" are finding ways to succeed. A decade ago, many First Nations viewed British Columbia's environmental assessment or the federal impact assessment process as their main avenue for engagement with project proponents — typically occurring late in the process, after most major decisions had already been made.

Since then, the approach to Indigenous engagement has evolved significantly. Project proponents now engage communities much earlier, when their perspectives can meaningfully influence project design. This earlier collaboration often facilitates negotiations toward benefit agreements and, increasingly, equity partnerships with participating Indigenous communities.

The experts highlight that a key enabler of this equity model has been improved access to capital. Federal and provincial loan programs have made Indigenous equity ownership more feasible. Cedar LNG, for example, secured funding through the First Nations Finance Authority. Experts also suggested there is still room to expand financial support, particularly for earlier-stage project development. Over the past five years, access to capital has grown substantially, and demand for financing is expected to increase as more Indigenous nations pursue ownership stakes. Ideally, future participation will also be supported by private financial institutions stepping in.

One expert emphasized that opportunities for the oil and gas industry to collaborate with Indigenous communities extend well beyond project-specific benefits or equity agreements. Across BC, there are numerous Indigenous-owned businesses active in the sector, offering oil and gas services ranging from earthworks and fabrication to logistics and transportation. Experts noted that this type of collaboration could be expanded further, particularly in areas such as restoration and reclamation. Strengthening partnerships with Indigenous businesses not only builds long-term support from local communities but also ensures that the economic benefits flow more widely and deeply.

Another example of strengthening First Nations authority in project development was demonstrated by Woodfibre LNG near Squamish, BC. The project set a precedent as the first in Canada to recognize a non-treaty Indigenous government as a regulator of a proposed industrial project and received environmental approval from Indigenous Peoples in the absence of a treaty.[4]

A few of the experts pointed out that if Canada is to realize our ambition of becoming the fastest-growing economy in the G7, meaningful Indigenous business partnerships, robust benefit agreements, opportunities for equity ownership, and greater Indigenous involvement in shaping projects from the outset must all become normal conditions in natural resource development, rather than the exceptions.

Although there is strong support for Indigenous partnerships, interviews with the experts highlighted that these partnerships have the potential to diminish project economics for corporate proponents. For example, extending benefit agreements to a wider group of communities can add to overall project costs. Under equity-sharing arrangements, Indigenous partners invest their share of capital; however, this proportionately reduces the ownership of non-Indigenous partners. And, because Indigenous groups generally have limited access to capital at the start of project development, non-Indigenous partners often take on a large share of the financial risk in the early project phase. These incremental costs can affect the competitiveness of Canadian projects relative to other jurisdictions. This topic will be explored in Chapter V of this miniseries: A Review of Fiscal Terms in the Context of Global Competitiveness.

Despite potential encumbrances on project economics, the experts broadly agreed that Indigenous equity participation and benefit-sharing, along with

[4] Reconciliation in Action; Woodfibre LNG

business partnerships, create a win–win outcome for Canada's economy and citizens. For Indigenous communities — many of whom have faced poverty since the founding of Canada — participating in the development of energy projects presents an opportunity to chart a new economic path. As Haisla Nation's former Chief Councillor Crystal Smith said on the ARC Energy Ideas podcast:

> We've managed poverty in Indigenous communities for far too long, and these projects mean a change in history for a lot of these communities in terms of providing revenues back to their community to be able to provide programs and services on a completely different level than we've ever been used to. A lot of our revenues that do come in currently from federal levels are very scripted with policy and are very restrictive in terms of how we utilize certain funding, and that doesn't meet the needs of our people today. I've grown up in Kitimat my entire life. I've witnessed what managing poverty does. You think about the statistics that go along with poverty, I've experienced them. Suicide, alcoholism, and we've never had any other solution. And through these projects, it means hope, it means a different outlook in terms of what you're providing your generations of today and for future generations.[5]

Validating What's Known to Frame the Path Forward

The collective perspectives of the 11 experts interviewed by Studio.Energy reaffirm that the landscape of natural resource development in BC — from upstream natural gas production through to LNG export terminals — has permanently changed. In this new reality, collaboration with Indigenous communities is no longer a box to check — genuine partnerships are the foundation upon which Canada's energy future must be built.

[5] Cedar LNG, Haisla Nation, and Pembina Pipeline: Canada's First Indigenous-Led LNG Project; ARC Energy Ideas podcast; October 22, 2024

About this Miniseries

Studio.Energy is examining what practical conditions — beyond Bill C-5 — are needed for Canada's western natural gas–producing provinces to expand their LNG ambition and accelerate projects in the development queue. To inform this analysis, 11 experts spanning upstream producers, LNG proponents, policy specialists, legal advisors, and regulators were interviewed on a confidential basis to capture candid insights on barriers to investment. The findings are presented across five issues in this miniseries:

- Chapter I — Introduction to the Issues
- Chapter II — The State of Environmental Assessments and Permitting Process
- Chapter III — The State of Climate Policies and Regulations: Signals for Future LNG Export Development
- Chapter IV — Navigating Indigenous Rights in BC Resource Development
- Chapter V — A Review of Fiscal Terms in the Context of Global Competitiveness

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