

# An Open Letter to Canadian Prime Minister Stephen Harper, Canada's Premiers, First Nations Communities (FNC), and Energy Producers

From Krishnan Suthanthiran, Founder & President, Kitsault Energy, Kitsault Resorts, Best Cure Foundation (a non-profit organization)

**PRESS RELEASE • Ottawa, Ontario, Canada • January 30, 2013**

Canada is probably the richest nation in per capita assets, and has a unique opportunity in its history now to solve many of its fiscal and other problems during this decade. It requires leadership, common sense and actions for the best interests of all Canadians, including First Nations Communities (FNC).

USA and Canada both have large reserves of Natural Gas and will double their oil production by the end of this decade. Energy companies in the USA are investing more than \$100 Billion CAD/USD in upgrading refineries, building pipelines, liquefaction plants for converting natural gas to Liquefied Natural Gas (LNG). An export terminal for handling LNG is under construction in the USA. During this decade USA will become a net exporter of Energy Products. The energy boom, which began a few years ago will pick up momentum and change the economic model of both our countries in a significant way.

Currently Canada exports nearly 98% of its oil to the USA and sells it at 30% discount to the USA (benchmark) WTI Crude Oil and at 40% discount to the European (benchmark) Brent Crude Oil. It imports oil and refined petroleum products from USA at market prices for domestic consumption.

Canada produces 5 million barrels of oil a day. If the producers can get \$10 per barrel more for their oil, it would result in an increase in revenue of \$50 million CAD per day or \$18 Billion CAD per year. Should they receive \$20 per barrel more for the oil, this will increase the revenue by \$36 Billion CAD per year. Proportionately, the royalties paid will also increase with the increased revenue. Increased production to nearly 10 million barrels per day by the end of this decade will again double both gross revenues to producers and royalties for the various governments. This does not even include the increased revenue from Natural Gas production and sales, and increases in revenue from selling it at market prices.

Many of the existing Canadian refineries are operating at less than full capacity due to the underinvestment in petroleum infrastructure, including pipelines and newer technology refineries. This shortage of pipelines is hampering the ability of Canadian producers to deliver Canadian crude oil to the US and other countries. The lack of refining capacity in Canada means that Canada has to import refined petroleum products from the US. There has been little or no investment during the past 30 years in either the refineries or pipelines in Canada. Employment in the Canadian refineries has declined by 60% during this time and more than half of the refineries have been closed.

The Canadian Federal/Provincial Governments and others receive more than \$50 Billion CAD per year in royalties from energy producers. Had Canada invested in the energy sector during the past 30 years, this royalty amount would be nearly double, earned by exporting to



(continued)

other countries and refining Canadian crude oil for domestic use. Had Canada been self-sufficient in refining and pipeline capacity, Canadians might well have been paying much reduced energy prices.

What is the solution? We at Kitsault Energy recommend the building of oil and natural gas pipelines and refineries in Canada for exporting LNG and refined petroleum products to Asia and other countries – by building a refinery near Grand Prairie or Fort McMurray, Alberta, a much larger natural gas pipeline to move natural gas to deep water at Kitsault, and a pipeline to deliver refined petroleum products from the refinery (to be built) to Kitsault, BC. We also recommend building a LNG plant and a dedicated energy export terminal near Kitsault, for exporting LNG and refined petroleum products to Asia and other markets. Additional pipelines carrying oil from oil-producing provinces to refineries in the East and Atlantic provinces, for the domestic market and export, have been neglected. This oversight needs to be addressed.

Such investment will help all Canadians and First Nations Communities, by generating nearly double the amount of Royalties (nearly \$100 Billion CAD per year) and other payments from energy producers and transporters. Also, this will help Canada diversify its customer base to sell its energy products at world market prices, rather than selling them at hugely discounted prices, as is the case now.

There needs to be a significant investment in all FNC for purified drinking water, sewer systems, healthcare, education, job training, jobs and housing. With increased royalties from the energy sector, and contributions from the Federal government, this can be accomplished during this decade. We at Kitsault Energy and Best Cure Foundation are acutely aware of this urgent need in FNC and are eager to participate proactively in the revitalization of the energy sector and its infrastructure as well as all FNC in Canada.

Will Canada use this decade to correct the mistakes of the past three decades by diversifying its export market for energy products and securing its energy royalty base, or will this too be another decade of squandered opportunities? Only time will tell. The next 18 months are critical. Funding, regulatory approvals and all agreements must be in place to begin construction by the end of 2014 to execute the above projects, and to be able to make use of these opportunities so that Canada does not miss benefiting from the energy boom.

We request the Prime Minister of Canada, Provincial Premiers, FNC, and energy producers to work together in making the necessary investments and providing the regulatory approvals, land easement and use needed to build these infrastructures. Such investments will create many thousands of high paying jobs for all Canadians and First Nations Aboriginals. Also, Canada's Energy economy will more than double from its current 5% of National GDP to more than 10% of the GDP by the end of this decade.

**A Press Conference is planned in Ottawa on February 20, 2013, at 413 March Road, Ottawa, Ontario Canada.**



(continued)

## **About KITSALT**

KITSALT is a fully functional ex-mining town, located 800 km (500 miles) north of Vancouver, and 140 km (85 miles) north of Prince Rupert, British Columbia, Canada. It is a purpose-built resource community with complete infrastructure and housing for more than 1000 residents. With nearly 350 acres of industrial and residential land, full BC Hydro service, and a deep water port, Kitsault makes both economic and environmental sense as the preferred location to be the Liquefied Natural Gas (LNG) terminal site for the export of LNG and energy products to Asia and other markets. LNG pipeline routing to Kitsault has already been proposed by others. Surrounding Kitsault, there are many thousands of acres of Crown land.

## **About KRISHNAN SUTHANTHIRAN**

Krishnan Suthanthiran immigrated to Canada from India in September 1969, after graduating with an undergraduate degree in mechanical engineering from the University of Madras in Madras, India to pursue his Master's degree at Carleton University in Ottawa. He arrived in Canada with a total of only \$400. After paying the first semester's tuition and first month's room rent, he was left with approximately \$100 for books and groceries. He graduated with a Master's degree in mechanical engineering with the help of Research Assistantships from the National Research Council of Canada, totalling \$7,500 CAD over a two year period. Since then, he has immigrated to the USA and has business investments in several companies in the medical field, as well as in real estate globally. He currently has over 200 employees in Canada and more than 500 worldwide. He has invested nearly \$30 Million CAD in Canada which includes buying Kitsault, BC and two medical companies. He has also invested many more millions of CAD in maintaining, restoring, and upgrading Kitsault in order to establish self-sustaining, long term economic activity.

Mr. Suthanthiran has contributed to Carleton University in the form of endowments for scholarships and purchases worth about \$100,000 CAD over many years. He has also provided products from his companies at discounted prices and helped save more than \$300,000 CAD for the National Research Council of Canada in Ottawa during the past few years. He has continued to provide products and grants, while pursuing collaborative research with many Canadian Hospitals – this includes a more than \$1 million CAD grant offered to the Kingston Cancer Center at Queens University, for upgrading their technology in treating cancer patients with state-of-the-art equipment.

**For more information, please visit:**

**[www.kitsaultenergy.com](http://www.kitsaultenergy.com)**

**[www.kitsault.com](http://www.kitsault.com)**

**[www.bestcure.md](http://www.bestcure.md)**

**Krish Suthanthiran  
President, Kitsault Energy  
[krish@kitsaultenergy.com](mailto:krish@kitsaultenergy.com)**

**Contact: Lisa Schoenhofer  
[lisa@kitsaultenergy.com](mailto:lisa@kitsaultenergy.com) or call 613-591-2100, ext. 2729**

**Kitsault Energy (Ottawa Office) –  
413 March Road, Ottawa, Ontario K2K 0E4 Canada**

**Kitsault Energy (Vancouver Office) –  
8765 Ash St., Unit 7, Vancouver, BC V6P 6T3 Canada**

