



**FOR IMMEDIATE RELEASE – JANUARY 13, 2010**

**APACHE CORPORATION JOINS PARTNERSHIP WITH PACIFIC NORTHERN GAS  
AS KITIMAT LNG'S WEST COAST EXPORT TERMINAL ADVANCES**

**VANCOUVER, BRITISH COLUMBIA** – Today, Apache Corporation announced that its Apache Canada Ltd. subsidiary (“Apache”) has agreed to acquire 51 percent of Kitimat LNG Inc.’s planned liquefied natural gas export terminal in British Columbia (“Terminal”). Apache will also acquire a 25.5 percent interest in Pacific Trail Pipelines Limited Partnership (“PTP”) from Galveston LNG Inc., the parent company of Kitimat LNG. PTP is developing the \$1.2 billion Kitimat to Summit Lake Pipeline Looping Project (“KSL Project”) to transport natural gas supply to the Terminal. Galveston LNG will retain a 49 percent interest in the Terminal and a 24.5 percent interest in PTP. Pacific Northern Gas Ltd. holds the remaining 50 percent interest in PTP. This investment by Apache significantly supports the prospects for the development of the KSL Project by PTP.

“We are very pleased to have Apache’s sponsorship of the LNG export project and to welcome Apache to the PTP partnership,” said Roy Dyce, President and CEO of PNG. “Our focus will now be to complete agreements with Apache and other users of the KSL Project prior to filing an application for a Certificate of Public Convenience and Necessity with the British Columbia Utilities Commission in 2010.”

The KSL Project has received both the federal and provincial governments’ environmental assessment approvals and has created an innovative arrangement to partner with the First Nations along the pipeline route. In April 2009 the Province of British Columbia announced an agreement with the First Nations located along the pipeline route to assist them in securing a direct ownership interest in PTP.

Subject to a number of conditions, construction of the KSL Project by PTP is planned to commence in 2012 for completion in 2014 when the Terminal is planned to begin operation. Conditions to construction include the securing of contracts for use of PTP’s transportation capacity, financing for construction of the KSL Project, and additional regulatory approvals for the KSL Project such as a Certificate of Public Convenience and Necessity from the British Columbia Utilities Commission and other permits from the British Columbia Oil and Gas Commission. PTP has not signed any agreements with respect to utilization of its planned gas transportation capacity and can give no assurances that this or other conditions will be satisfied or that construction of the KSL Project by PTP will proceed.

This press release contains forward-looking statements relating to the development and construction of the Terminal and the KSL Project. All forward-looking statements are based on management’s beliefs and assumptions based on information available at the time the assumption was made and on its experience and perception of historical trends, current conditions and expected further developments as well as other factors deemed appropriate in the circumstances. Management of PNG believe the expectations reflected in such statements are reasonable but no assurance is given that such expectations will be correct as forward-

looking information is subject to various risks and uncertainties that are known and unknown, including those material risks discussed in PNG's MD&A and in its 2009 annual information form.

The Apache Corporation announcement noted above is posted at [www.apachecorp.com](http://www.apachecorp.com) and at [www.kitimatlng.com](http://www.kitimatlng.com).

Headquartered in Vancouver, British Columbia, PNG (TSX: PNG/PNG.PR.A) owns and operates natural gas transmission and distribution systems. The Company's western transmission line extends from the Spectra Energy gas transmission system north of Prince George to tidewater at Kitimat and Prince Rupert, and provides service to 12 communities and a number of industrial facilities. In the northeast, PNG's subsidiary Pacific Northern Gas (N.E.) Ltd. provides gas distribution service in the Dawson Creek, Fort St. John and Tumbler Ridge areas. Further information is available on the Company's website at: [www.png.ca](http://www.png.ca).

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