



FOR IMMEDIATE RELEASE – OCTOBER 28, 2009

CLOSURE OF WEST FRASER'S EUROCAN PAPER MILL EXPECTED TO HAVE MODEST IMPACT ON PACIFIC NORTHERN GAS LTD. AND ITS CUSTOMERS

VANCOUVER, BRITISH COLUMBIA – One of Pacific Northern Gas Ltd.'s ("PNG") large industrial customers, West Fraser Timber Co. Ltd. ("West Fraser"), announced the permanent closure of its Eurocan mill in Kitimat, B.C. which is expected to take place on January 31, 2010.

Under the terms of its transportation agreement with PNG for the Kitimat plant, which expires December 31, 2013, West Fraser is entitled to cancel its obligations by providing PNG with a termination payment that would recover almost 80 percent of the lost revenues under the remaining term of the agreement.

PNG expects that the termination payment would be given the same regulatory treatment as the Methanex termination payment and would be amortized over the remaining life of the agreement. In addition, as was the case with the closure of the Methanex plant, lost future revenues from the West Fraser contract are expected to be recoverable through standard rate applications to the British Columbia Utilities Commission. If this is the case, PNG's anticipates limited impact on future earnings.

PNG will endeavour to replace the lost revenues through transactions similar to the previously announced agreement with Merrill Lynch Commodities Inc. to contract for the 75 MMcf per day of the Company's excess pipeline capacity. The Company expects that the majority of revenues generated in new transactions of this nature will flow to the benefit of customers in the form of rate reductions. However, even if the lost revenues are not recovered from market transactions, management believes that, with continuing low commodity costs, PNG's delivered gas costs to customers should remain competitive with and in fact lower than electricity prices.

PNG and its employees sympathize with the Eurocan employees, their families and the Kitimat community.

FORWARD-LOOKING STATEMENTS

This press release includes forward-looking statements. PNG believes the expectations reflected in such statements are reasonable but no assurance is given that such expectations will be correct. 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.

By its nature, such forward-looking information is subject to various risks and uncertainties that are known and unknown, including those material risks discussed in the Company's 2009 Annual Information Form under "Risk Factors". Such risks and uncertainties include but are not limited to: general economic conditions and markets; gas supply and availability; gas commodity price volatility; competition; decisions by regulators; seasonal weather patterns; federal and provincial climate change initiatives; financing of investments as well as the value of such investments; the cost and availability of capital; the impact on the Company's liquidity if it were to go offside of the covenants in its debt facilities; successful execution of strategic initiatives; the ability of the Company to attract and retain quality employees; and the impact of accounting changes, including the transition to International Financial Reporting Standards. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

ABOUT THE COMPANY

Headquartered in Vancouver, British Columbia, Pacific Northern Gas Ltd. (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, Pacific Northern'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.

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Contact:

Kevin Teitge
Vice President, Corporate Development
and Treasurer
(604) 691-5689

Craig Donohue
Director, Regulatory Affairs & Gas Supply
and Assistant Secretary
(604) 691-5673