

1999 Yukon Eagle Plain and Peel Plateau Call for Nominations

April 15, 1999 - June 15, 1999



Table of Contents

Call for Nominations

- 1999 Yukon Eagle Plain and Peel Plateau Call for Nominations
- Attachment 1: Further information
- Attachment 2: Guidelines for posting parcels in Yukon and Posting Request Form
- Attachment 3: Map of Eagle Plain call area
- Attachment 4: Map of Peel Plateau call area

Call for Bids - Preliminary Information

- Attachment 5: Information pertaining to the 1999 Yukon Eagle Plain and Peel Plateau proposed Call for Bids
- Attachment 6: Yukon benefit requirements
- Attachment 7: Schedule of allowable expenditures
- Attachment 8: Bid Submission Form

1999 Yukon Eagle Plain and Peel Plateau Call for Nominations

**(REQUEST FOR POSTING)
OPENING AT 9 A.M. (PDST) ON APRIL 15, 1999
AND CLOSING AT 4 P.M. (PDST) ON JUNE 15, 1999**

1. Call for Nominations

The Minister of Economic Development hereby calls for the submission of nominations for oil and gas rights located in the Eagle Plain and the Peel Plateau areas of Yukon. Maps of these areas are attached for reference (Attachments 3 and 4).

Posting requests received between 9 a.m., Pacific Daylight Savings Time (PDST), on April 15, 1999 and 4 p.m.(PDST), on June 15, 1999, will be considered by the Minister for inclusion in a Call for Bids tentatively scheduled to be issued on September 1, 1999. Preliminary information pertaining to the proposed Call for Bids is attached (Attachment 5).

2. Content of Posting Requests

All posting requests must be made on the Posting Request Form and described in accordance with the Guidelines for Posting Parcels in Yukon (Attachment 2). Each tract posted shall comprise laterally or diagonally contiguous blocks.

The minimum size of the parcel(s) is one (1) section; the maximum size is one hundred and sixty (160) sections (2 grid areas).

3. Submission of Posting Requests

All requests should be submitted by fax between 9 a.m. (PDST) on April 15, 1999 and 4 p.m. (PDST) on June 15, 1999. Each request should be addressed as follows:

“1999 Yukon Eagle Plain and Peel Plateau Request for Posting”
Attention: Division Head
Oil and Gas Resources Branch
FAX: (867) 393-6262

To ensure confidentiality, requesters are advised to give prior notice of their intent to submit a fax by calling (867) 667-3427 immediately prior to transmission. Telephone confirmation will be provided, if requested, upon receipt of the fax. Only the fax copy is necessary; original copies are not required.

All submissions received will become property of the Government of Yukon and will not be returned. All information concerning the company requesting the posting will remain confidential. The public will be informed of the locations being requested and invited to make representations with respect to any environmental, socio-economic or surface access concerns.

4. Priority of Posting

Priority of posting will be determined by order of receipt. Time of receipt will be that recorded by the fax machine of the Oil and Gas Resources Branch in Whitehorse. In case of overlapping requests, the first to be received will have priority. The second requester will be informed of the area remaining in the request which does not overlap a prior nomination. The second and subsequent requesters will be required to state whether they would like to maintain their posting on the remaining lands or withdraw the request.

5. Specific Considerations

5.1 First Nation Lands

Only areas subject to the management and control of the Government of Yukon will be considered. First Nation settlement lands within the call areas are excluded from the sale.

5.2 Licensing

Before conducting any activity (seismic, drilling of a well, etc.), operators must obtain the required licence pursuant to the following draft Yukon oil and gas regulations: *Licence Administration Regulations*, *Geoscience Exploration Regulations*, and *Drilling and Production Regulations*. Potential nominators are advised that an environmental review process will be included in the review of any licence application. Concluding a benefit agreement may be required to obtain a licence. For details on the benefit requirements see Attachment 6.

5.3 Area Subject to Environmental Considerations

Potential nominators are advised that after the Call for Nominations and before the Call for Bids, the requested areas will be subject to a referral process. This may result in additional operating terms and conditions being required at the activity stage.

Seasonal or operational limitations may be established. For example, the work season may be restricted to those months when the proposed type of activity will not have a significant impact on sensitive fish and mammal habitats, birds or other species and there may be conditions relating to drilling fluids and waste discharges. In addition, site-specific environmental protection plans will be required prior to the commencement of activity.

5.4 Heritage Resources

Potential nominators are advised that activity may be prohibited on identified cultural, historic, archeological, and burial sites.

6. Resulting Call for Bids

The company that requested the posting of a parcel(s) is also expected to submit a bid(s) in the Call for Bids. The Minister reserves the right to refuse future posting requests by that company if a bid is not submitted.

The Minister is not obliged to proceed with a Call for Bids for any lands posted.

*Trevor Harding, Minister
Department of Economic Development
Government of Yukon*

Attachment 1: Further Information

Additional information may be obtained from sources identified below.

Maps, Legislation and Regulations, General Oil and Gas Information

Additional copies of the Call for Nominations package, detailed call area maps, copies of the draft *Yukon Oil and Gas Disposition Regulations*, and other regulations made pursuant to the *Yukon Oil and Gas Act*, and general information on Yukon oil and gas, may be obtained from the following sources:

1. The Yukon Economic Development website at www.economicdevelopment.gov.yk.ca.
2. Oil and Gas Resources Branch
Yukon Department of Economic Development
209 - 212 Main Street
Whitehorse, Yukon
Y1A 2B1
Tel: (867) 667-3427 Fax: (867) 393-6262
3. Rudi Klaubert
Frontier Information Office
The National Energy Board
5th Floor, 444 - 7th Avenue
Calgary, Alberta
T2P 0X8
Tel: (403) 299-3112 Fax: (403) 292-5503

Rights Issuance Process and Resource Management Regime

For more information on this call, the rights issuance process or the resource management regime, please contact:

Brian Love
Division Head
Oil and Gas Resources Branch
Yukon Department of Economic Development
209 - 212 Main Street
Whitehorse, Yukon
Y1A 2B1
Tel: (867) 667-3427 Fax: (867) 393-6262
E-mail: Brian.Love@gov.yk.ca

Geological, Well, and Environmental Information

To obtain geological, well, environmental, and surface (burial, archeological, historic sites), information with respect to the call area and/or lands surrounding it, please contact the Chief Operations Officer:

David Downing
Chief Operations Officer
Oil and Gas Resources Branch
Yukon Department of Economic Development
209- 212 Main Street
Whitehorse, Yukon
Y1A 2B1
Tel: (867) 667-3427 Fax: (867) 393-6262
E-mail: David.Downing@gov.yk.ca

Surface Access and Land Use Permitting

For more information on surface access and land use permitting, please contact:

Marg White
Head, Land Use
Department of Indian Affairs and Northern Development
Government of Canada
Room 345, 300 Main Street
Whitehorse, Yukon
Y1A 2B5
Tel: (867) 667-3173 Fax: (867) 667-3196
E-mail: whitem@inac.gc.ca

Attachment 2: Guidelines for Posting Parcels in Yukon and Posting Request Form

These guidelines, which are to be used in filing the attached Posting Request Form, summarize the land description system for parcels in the Yukon Eagle Plain and Peel Plateau areas. For more detailed information see Section 2 of the draft Yukon *Oil and Gas Disposition Regulations*.

For the purposes of posting parcels, land areas are divided into **grids** and grids into **sections**.

Grids are bounded to the east and west by successive meridians of longitude. The boundaries are spaced every 15' of longitude (e.g., 134° 00' W and 134° 15' W).

To the north and south, the boundaries of grids are defined by parallels of latitude joining the points of intersection of their east and west boundaries with successive parallels of latitude spaced every 10' (e.g., 65° 00' N and 65° 10' N). Every grid area is referred to by the latitude and longitude coordinates of its northeast corner (e.g., 65° 10' N, 134° 00' W).

A grid is divided into 80 sections. A **section** is bounded to the east and west by meridians. The boundaries of the sections are spaced at intervals of 1/8 of the distance between the east and west boundaries of the grid.

To the north and south, the boundaries of sections are defined by parallels of latitude spaced at intervals of 1/10 of the distance between the north and south boundaries of the grid.

The sections are numbered and each is referred to by its number (Figure 1).

80	70	60	50	40	30	20	10
				39			
				38			
				37			
				36			
75	65	55	45	35	25	15	5
				34			
				33			
				32			
71	61	51	41	31	21	11	1

Figure 1. Grid with 80 Sections

POSTING REQUEST

For Branch Use Only

DATE RECEIVED:

____/____/____
 y m d

CALL FOR NOMINATIONS:

CALL LOCATION:

CALL DATE: ____/____/____
 y m d

CLOSING DATE: ____/____/____
 y m d

CALL #:

NOMINATION #:

CLIENT INFORMATION:

COMPANY
 REPRESENTATIVE: _____

COMPANY: _____

Address: _____

City, Province/Terr. _____

Postal Code: _____

Telephone: (____) _____

Fax: (____) _____

Email: _____

CLIENT ID #:

TRACT:

NTS QUAD(S):

GRID AREA(S):

SECTION(S):

NUMBER OF SECTIONS:

TOTAL NUMBER OF SECTIONS:

TRACT #:

NOTES:

SIGNED: _____ TITLE: _____

NAME: _____ DATE: ____/____/____
 y m d

ATTACHMENT 3: EAGLE PLAIN CALL FOR NOMINATIONS

10 0 10 20 30 40 50 km

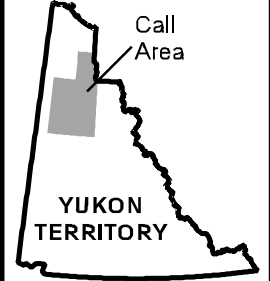


Scale = 1:1,500,000

LEGEND

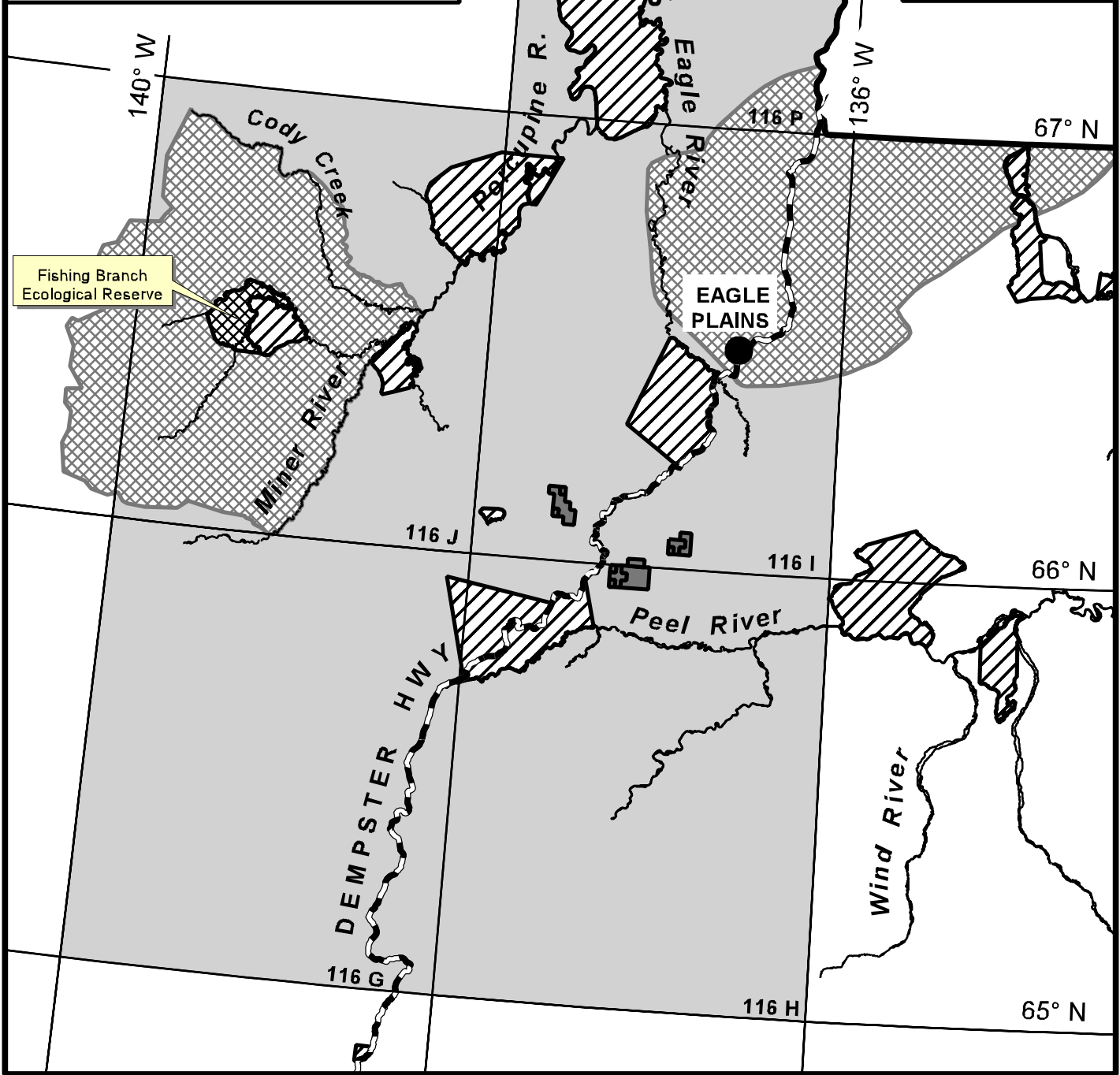
- Call Area
- Oil & Gas Disposition
- First Nation Land
- Withdrawn from 1999 Call
- Protected Area (withdrawn)

116 J NTS 1:250,000 Quad

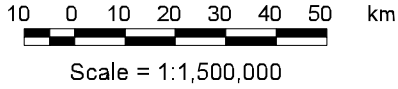


Scale = 1:30,000,000





Oil & Gas Resources Branch
Produced by: Tim Sellars,
Database/GIS Administrator
Using: ArcVIEW GIS 3.1
April 6, 1999

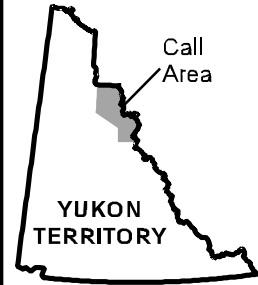


ATTACHMENT 4: PEEL PLATEAU CALL FOR NOMINATIONS



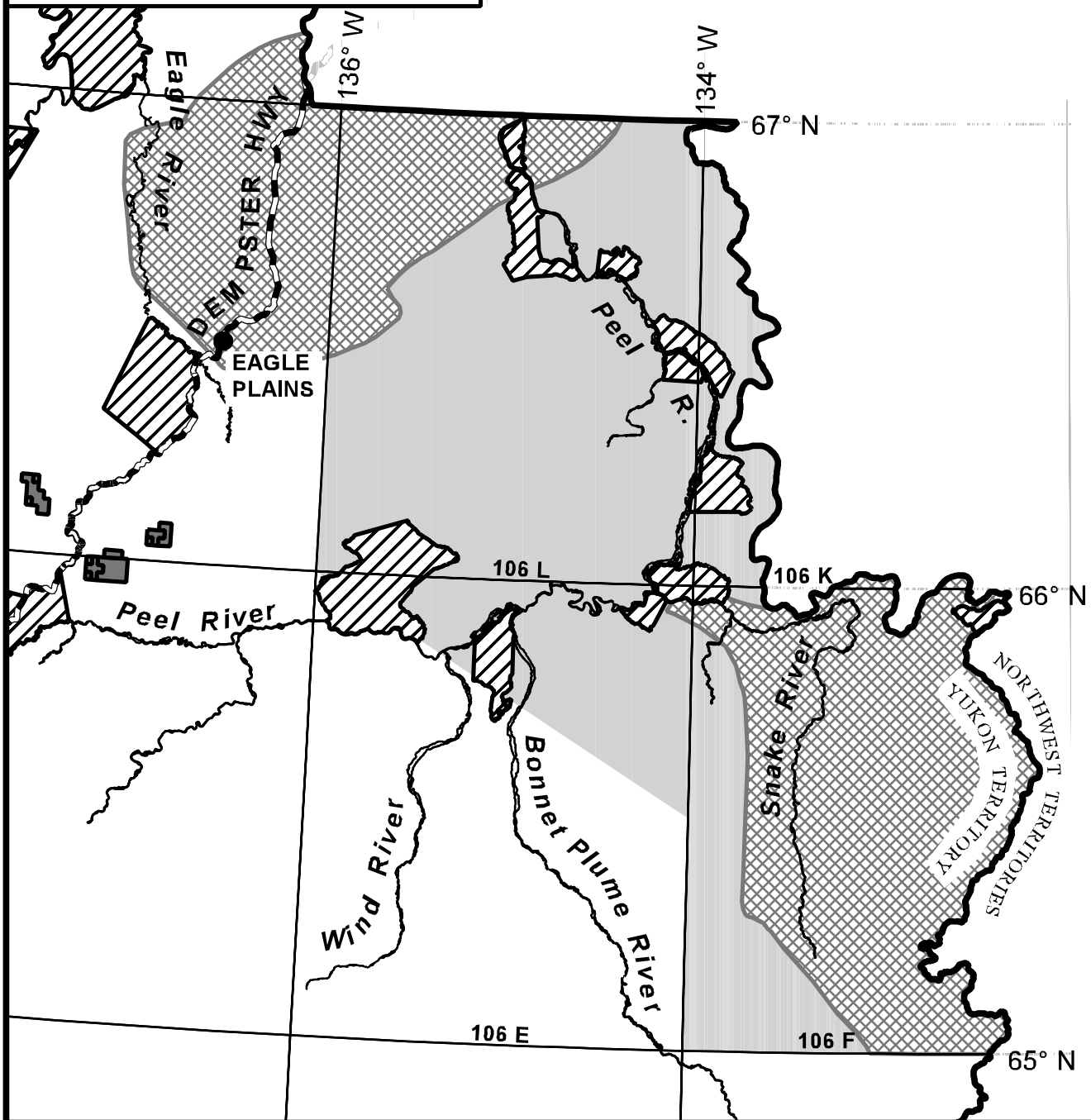
LEGEND

-  Call Area
-  Oil & Gas Disposition
-  First Nation Land
-  Withdrawn from 1999 Call
- 106 L** NTS 1:250,000 Quad



Scale = 1:30,000,000

Oil & Gas Resources Branch
Produced by: Tim Sellars,
Database/GIS Administrator
Using: ArcView GIS 3.1
April 6, 1999



Call for Bids – Preliminary Information

Attachment 5: Information Related to the 1999 Yukon Eagle Plain and Peel Plateau Proposed Call for Bids

Note on process after Call for Nominations: *Parcels submitted pursuant to the Call for Nominations will be subject to the following process to determine environmental, socio-economic, and surface access concerns:*

- *Information pertaining to the area requested for postings will be published and the public will be invited to make representations to the Division Head.*
- *The request will be referred to Yukon Government Departments that would be directly affected by or have administrative responsibilities related to activities or operations to be conducted, and First Nations in whose traditional territories the location of the proposed disposition would be situated.*
- *The Division Head will, after considering information obtained from the public and through the referral process, prepare and submit a report and recommendations to the Minister.*

As a result, the terms and conditions of the proposed Call for Bids may differ somewhat from the information provided below. The following preliminary information is provided so that industry and the public are aware of the main elements of the proposed Call for Bids.

1. Acceptance and Agreement

Any submission of a bid in response to this Call for Bids shall be made on the understanding that the terms and conditions as contained herein are accepted and agreed to by the bidder. Such understanding shall include the acceptance of and agreement with the terms and conditions contained within the form of the permit which will be attached to and form part of this Call for Bids and with the benefit requirements (Attachment 6).

2. Permit –Yukon Oil and Gas Act, section 15

Any permit which may result from this Call for Bids will be issued pursuant to the Yukon *Oil and Gas Act* or legislation made in amendment thereof or in substitution therefore and any regulations made thereunder from time to time.

3. Submission of Bids

The Calls for Bids will remain open for 75 days following issuance of public notice of the sale by the Minister of Economic Development.

Sealed bids must be delivered, either by registered mail or in person, to the following address prior to NOON, Pacific Standard Time, on “[date]”:

Oil and Gas Resources Branch
Yukon Department of Economic Development
209 – 212 Main Street
Whitehorse, Yukon
Y1A 2B1

Each bid submitted in response to this Call must be addressed to the Minister of Economic Development and be in double sealed envelopes bearing no corporate identification. The outer envelope should be clearly marked as follows: “[year][area] Call for Bids”. The inner envelope(s) should be clearly marked as follows: “[year][area] Call for Bids: bid for parcel [number]”.

Companies submitting more than one bid may place all bids in a single outer envelope.

The Bid Submission Form (Attachment 8) must be completed and accompany each bid.

To be accepted, bids must be accompanied by separate financial instruments in respect of the Work Deposit (clause 9) and the issuance fee (clause 6).

4. Bid Selection Criterion - *Draft Oil and Gas Disposition Regulations, section 9*

Selection of the successful bid will be made on the basis of a single criterion, namely, the total amount of money that the bidder proposes to spend doing exploratory work on each parcel within the initial term of the permit (Work Proposal Bid).

5. Minimum Bid

Work proposal bids of less than \$1 million for each parcel will not be considered.

6. Issuance Fee – *Draft Oil and Gas Disposition Regulations, schedule 1*

An issuance fee of \$500 must be submitted with the bid by separate cheque made payable to the Government of Yukon.

7. Term – *Yukon Oil and Gas Act, section 31*

The term of a permit issued for parcels located in Eagle Plain or the Peel Plateau will be ten (10) years. This will consist of an initial term of six (6) years and a right of renewal of four (4) years.

8. Work Requirement – *Yukon Oil and Gas Act, section 34*

The drilling of one (1) exploratory or delineation well prior to the end of the initial term is a requirement for obtaining a renewal for a second term.

Such a well should reach a depth sufficient to evaluate a prospective horizon as described in the geological prognosis in the application for a Well Licence.

Where a well has been commenced and drilling is being pursued diligently, the initial term shall continue until the well has been completed. The second term shall be reduced accordingly.

Failure to drill a well in the location of the permit by the end of the initial term will result in the termination of the permit.

9. Work Deposit – *Draft Oil and Gas Disposition Regulations, sections 9, 12*

Each bid must be accompanied by a work deposit for the specified parcel in the amount of twenty-five per cent (25%) of the bid submitted. Each work deposit must relate to a single parcel.

9.1 Form of Payment

The work deposit must be submitted in the form of a bank draft, money order or certified cheque made payable to the Government of Yukon, or any other negotiable financial instrument approved in advance by the Division Head. Failure to receive pre-approval may result in disqualification of the bid. The Division Head may be reached at (867) 667-3427. Company cheques are not considered negotiable financial instruments for this purpose.

Bank drafts, money orders and certified cheques of successful bidders will be deposited while those of unsuccessful bidders will be returned. Work deposits of successful bidders may be replaced, at their convenience, by letters of credit, promissory notes accompanied by bank letters of guarantee, or other negotiable financial instruments satisfactory to the Minister.

Parties submitting a joint bid may submit separate guarantees representing their proportionate share of the required work deposit. The bidder's designated representative will be responsible for collecting and submitting all partner guarantees with the bid.

As expenditures are incurred during the initial term, Work Deposits are refundable at the rates established in the attached Schedule of Allowable Expenditures (Attachment 7). Since Work Deposits represents 25% of the total amount bid for a parcel, refunds are likewise prorated on the basis of 25% of allowable expenditures incurred.

Any Work Deposit balance remaining at the end of the initial term will be forfeited. Expenditures incurred in the second term of a permit will not be credited against the Work Deposit.

9.2 Electronic Funds Transfer (EFT)

Yukon is considering the feasibility of having the Work Deposit paid through electronic funds transfer (EFT). If EFT is introduced, the Government of Yukon may require only the successful bidder to transfer funds electronically.

10. Rentals - *Draft Oil and Gas Disposition Regulations, section 29*

There are no rentals payable during the initial term of a permit.

In the second term, rentals will be payable at \$5.00/hectare.

Rentals will be payable annually, in advance, and are to be submitted by electronic funds transfer, cheque payable to the Government of Yukon or any other negotiable financial instrument in a form satisfactory to the Minister.

When a permit continues in force beyond the second term due to the drilling of a well deemed to be pursued diligently in accordance with section 35 of the Yukon *Oil and Gas Act*, rentals will be payable at the rates applicable during the second term. Such rentals will be payable monthly, in advance, at the rate of one twelfth (1/12) of the annual rates.

Failure to pay rentals will result in the early termination of the permit.

11. Allowable Expenditures – *Draft Oil and Gas Disposition Regulations, sections 9, 12*

Attachment 7 contains the schedule of allowable expenditures to be used in determining refunds of Work Deposits.

12. Acceptance/Rejection of Bids – *Yukon Oil and Gas Act, section 18*

For the purpose of issuing a permit, the Minister will choose the highest bid in terms of the single bidding criterion (Work Proposal Bid). The Minister is not bound to select any bid submitted.

Bids will be accepted only in relation to an entire parcel.

Bidding results will be made available as soon as possible following the closing of the call.

13. Related Requirements

The exercise of oil and gas exploration rights is subject to specific terms and conditions including:

13.1 Conditions Relating to the Environment

Operators wishing to carry out activities will be required to comply with all Yukon requirements, and federal environmental requirements stemming from the *Canadian Environmental Assessment Act*, and other applicable legislation.

Potential bidders are advised that some area(s) may be subject to additional regulatory terms and conditions. For instance, some areas could be a migratory route for caribou and be considered sensitive. The work season may be restricted to those months when the proposed type of activity will not have significant environmental impact on sensitive fish and mammal habitats, birds or other species and there may be conditions relating to drilling fluids and waste discharges.

The proponent may be required to prepare site specific environmental protection plans prior to the commencement of activity. These plans would describe the necessary procedures the operator would take to minimize any environmental impacts to sensitive fish and mammal habitats, birds or other species in the region.

13.2 Yukon Benefit Requirements

Operators shall adhere to the Yukon benefit requirements outlined in Attachment 6.

13.3 Compensation

Operators will be expected to provide fair and equitable compensation, consistent with applicable territorial policies, to individuals involved in hunting, trapping and fishing in the event of adverse impacts demonstrated to result from project-related activities.

Attachment 6: Yukon Benefit Requirements

Companies engaged in exploration activity in Yukon are expected to follow the requirements outlined below.

Benefits, Employment and Training

Section 68 of the Yukon *Oil and Gas Act* states that no oil and gas activity shall be carried out under the authority of a licence unless there is in effect a benefits agreement. The following summarizes the main requirements of section 68 of the Act:

- Normally, the agreement is to be tripartite, between the licensee, the Minister on behalf of the Government, and the Yukon First Nation on whose settlement land or traditional territory the activity will be carried out. However, the following should be noted:
 - ∅ If the activity is to be carried out exclusively on Category A Settlement Lands, a benefits agreement executed by the licensee and the First Nation will be deemed to be a benefits agreement under the Act.
 - ∅ If the activity is to be carried out exclusively on Category B Settlement Land, a benefits agreement executed by the licensee and the Minister will be deemed to be a benefits agreement under the Act if there has been full and fair consideration of the views presented by First Nations. If there is no agreement between the First Nation and the Minister, an arbitrator will hear and settle the matter.
 - ∅ On other traditional lands, a benefits agreement executed by the licensee and the Minister will be deemed to be a benefits agreement under the Act.
- The agreement is to contain undertakings by the licensee to provide to First Nations, local community residents, and other Yukoners opportunities for employment and training, and opportunities to supply goods and services to the licensee and contractors.
- The benefits are to be commensurate with the nature, scale, duration and cost of the work. Where work related to the oil and gas activity is not anticipated to entail costs in excess of \$1,000,000 (one million dollars) in any 12-month period a benefits agreement is not required.
- The agreement may cover activities to be carried out under several licences.
- The requirement for an agreement may be waived under some circumstances.

Consultation

A company will be expected to provide appropriate information concerning its exploration programs to concerned individuals, groups and communities in Yukon. Exchanging relevant information in a timely fashion will enable the company to assess the potential local economic and employment opportunities.

Reporting

As determined by the Division Head, a company will be required to report on its progress in achieving the benefit requirements.

Attachment 7: Schedule of Allowable Expenditures

(note: claims may be subject to post audit)

Data Acquisition

Reflection Seismic, including all costs relating to field acquisition, processing and interpretation:

2D surveys	\$15,000 per km
3D surveys	\$35,000 per sq. km
Participation surveys and group shoots as they relate specifically to evaluation of the permit.	At cost to the permittee, not to exceed the above rates, and subject to pre-approval.
Other geophysical and geological programs or portion thereof, as they relate specifically to evaluation of the permit, such as gravity, aeromagnetic, helicopter portable seismic surveys and geological field studies.	On a case by case basis requiring pre-approval.

Data Purchase

Purchase of gravity, digiseis, and magnetic surveys.	On a case by case basis requiring pre-approval.
Purchase of seismic for re- interpretation.	\$750 per km
Purchase of seismic for re-processing and re-interpretation.	\$1,500 per km

Studies

Geological, geochemical, paleontological and field environmental studies.	On a case by case basis requiring pre-approval.
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Drilling

Drilling operations while actively on location. (This allowable expenditure includes all costs related to mobilization, demobilization, regional office and supervision, support vehicles, helicopters, etc.)	\$100,000 per day
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Attachment 8: Bid Submission Form

See next page

BID SUBMISSION FORM

For Branch Use Only

DATE RECEIVED:

_ / _ / _
y m d

CALL FOR BIDS: _____

BID LOCATION: _____

CLOSING DATE: _ / _ / _
y m d

LAND SALE #: _____

TRACT #: _____

BID #: _____

CLIENT INFORMATION: _____

COMPANY

REPRESENTATIVE: _____

COMPANY: _____

Address: _____

City, Province/Terr. _____

Postal Code: _____

Telephone: () _____

Fax: () _____

Email: _____

CLIENT ID #: _____

BID DETAILS: _____

AMOUNT OF WORK PROPOSAL SUBMITTED:

(Minimum amount of \$1,000,000)

\$ _____

WORK DEPOSIT SUBMITTED:

(25% of the Work Proposal Bid)

\$ _____

FORM OF DEPOSIT:

Certified Cheque

Bank Draft

Money Order

Other pre-approved form

If this bid is not accepted, the work deposit should be returned to:

COMPANY: _____

Address: _____

City, Province/Terr. _____

Postal Code: _____

Registered mail Courier collect other: _____

ACCEPTED? _____

If this bid is successful, please issue permit to:

_____. %
_____. %
_____. %
_____. %

SIGNED: _____ **TITLE:** _____

NAME: _____ **DATE:** _ / _ / _
y m d

**1999 Yukon Eagle Plain
Call for Bids
September 1st to November 15th, 1999**

**Oil and Gas Resources Branch
Yukon Department of Economic Development
209 - 212 Main Street
Whitehorse, Yukon
Canada
Y1A 2B1
Tel: (867) 667-3427 Fax: (867) 393-6262**

1. Call for Bids

The Yukon Minister of Economic Development (Minister) hereby makes a call for the submission of bids in respect of two parcels of land in the Eagle Plain Basin described in Schedule 1.

This Call for Bids is made pursuant to and subject to the Yukon *Oil and Gas Act* and the *Oil and Gas Disposition Regulations*.

The dispositions will grant rights only to lands and resources under the control of the Government of Yukon, and will respect the rights of First Nations under land claims agreements.

Any submission of a bid in response to this Call for Bids shall be made with the understanding that the person(s) submitting the bid accepts and agrees to the terms and conditions in this Call for Bids. Any bid submitted that does not conform to the terms and conditions provided in this Call for Bids will not be considered by the Minister.

2. Submission of Bids

Sealed bids must be delivered, either by registered mail or in person, to the following address prior to **NOON, Pacific Standard Time, on November 15, 1999:**

Oil and Gas Resources Branch
Yukon Department of Economic Development
209 – 212 Main Street
Whitehorse, Yukon
Y1A 2B1

Each bid submitted in response to this Call must be addressed to the Minister of Economic Development and be in double sealed envelopes bearing no corporate identification. The outer envelope should be clearly marked as follows: "1999 Yukon Eagle Plain Call for Bids". The inner envelope(s) should be clearly marked as follows: "1999 Yukon Eagle Plain Call for Bids: bid for parcel [number]".

Companies submitting more than one bid may place all bids in a single outer envelope.

The Bid Submission Form (Attachment 1) must be completed and accompany each bid.

To be accepted, bids must be accompanied by separate financial instruments in respect of the Work Deposit (clause 8) and the Issuance Fee (clause 5).

3. Bid Selection Criterion - *Oil and Gas Disposition Regulations, section 9*

Selection of the successful bid will be made on the basis of a single criterion, namely, the total amount of money that the bidder proposes to spend doing exploratory work on each parcel within the initial term of the permit (Work Proposal Bid).

4. Minimum Bid

Work proposal bids of less than \$1 million for each parcel will not be considered.

5. Issuance Fee – *Oil and Gas Disposition Regulations, schedule 1*

An issuance fee of \$500 must be submitted with the bid by separate cheque made payable to the Government of Yukon.

6. Term – *Oil and Gas Act, section 31*

The term of a permit issued for parcels located in Eagle Plain will be ten (10) years. This will consist of an initial term of six (6) years and a right of renewal of four (4) years.

7. Work Requirement – *Oil and Gas Act, section 34*

The drilling of one (1) exploratory or delineation well prior to the end of the initial term is a requirement for obtaining a renewal for a second term.

Such a well should reach a depth sufficient to evaluate a prospective horizon as described in the geological prognosis in the application for a Well Licence.

Where a well has been commenced and drilling is being pursued diligently, the initial term shall continue until the well has been completed. The second term shall be reduced accordingly.

Failure to drill a well in the location of the permit by the end of the initial term will result in the termination of the permit.

8. Work Deposit – *Oil and Gas Disposition Regulations, sections 9, 12*

Each bid must be accompanied by a Work Deposit for the specified parcel in the amount of twenty-five per cent (25%) of the bid submitted. Each Work Deposit must relate to a single parcel.

Form of Payment

The Work Deposit must be submitted in the form of a bank draft, money order or certified cheque made payable to the Government of Yukon, or any other negotiable financial instrument approved in advance by the Division Head. Failure to receive pre-approval may result in disqualification of the bid. The Division Head may be reached at (867) 667-3427. Company cheques are not considered negotiable financial instruments for this purpose.

Bank drafts, money orders and certified cheques of successful bidders will be deposited while those of unsuccessful bidders will be returned. Work Deposits of successful bidders may be replaced, at their convenience, by letters of credit, promissory notes

accompanied by bank letters of guarantee, or other negotiable financial instruments satisfactory to the Minister.

Parties submitting a joint bid may submit separate guarantees representing their proportionate share of the required Work Deposit. The bidder's designated representative will be responsible for collecting and submitting all partner guarantees with the bid.

As expenditures are incurred during the initial term, Work Deposits are refundable at the rates established in the attached Schedule of Allowable Expenditures (Attachment 2). Since Work Deposits represent 25% of the total amount bid for a parcel, refunds are likewise prorated on the basis of 25% of allowable expenditures incurred.

Any Work Deposit balance remaining at the end of the initial term will be forfeited. Expenditures incurred in the second term of a permit will not be credited against the Work Deposit.

9. Rentals - *Oil and Gas Disposition Regulations, section 29*

There are no rentals payable during the initial term of a permit.

In the second term, rentals will be payable at \$5.00/hectare.

Rentals will be payable annually, in advance, and are to be submitted by electronic funds transfer, cheque payable to the Government of Yukon or any other negotiable financial instrument in a form satisfactory to the Minister.

When a permit continues in force beyond the second term due to the drilling of a well deemed to be pursued diligently in accordance with Section 35 of the *Yukon Oil and Gas Act*, rentals will be payable at the rates applicable during the second term. Such rentals will be payable monthly, in advance, at the rate of one twelfth (1/12) of the annual rates.

Failure to pay rentals will result in the early termination of the permit.

10. Allowable Expenditures – *Oil and Gas Disposition Regulations, sections 9, 12*

Attachment 2 contains the schedule of allowable expenditures to be used in determining refunds of Work Deposits.

11. Acceptance/Rejection of Bids – *Oil and Gas Act, section 18*

For the purpose of issuing a permit, the Minister will choose the highest bid in terms of the single bidding criterion (Work Proposal Bid). The Minister is not bound to select any bid submitted.

Bids will be accepted only in relation to an entire parcel.

Bidding results will be made available as soon as possible following the closing of the call.

12. Related Requirements

The exercise of oil and gas exploration rights is subject to specific terms and conditions including:

1. Conditions Relating to the Environment

Operators wishing to carry out activities will be required to comply with all Yukon requirements, and federal environmental requirements stemming from the *Canadian Environmental Assessment Act*, and other applicable legislation.

Potential bidders are advised that some area(s) may be subject to additional regulatory terms and conditions when applications are submitted for licences under the *Licence Administration Regulations*. These terms and conditions may include measures intended to maintain the habitat of the Porcupine Caribou Herd; protect the integrity of the Peel River watershed; and maintain tourism values and the aesthetic appeal of the landscape. The work season may be restricted to those months when the proposed type of activity will not have significant environmental impact on sensitive fish and mammal habitats, birds or other species and there may be conditions relating to drilling fluids and waste discharges.

The proponent may be required to prepare site specific environmental protection plans prior to the commencement of activity. These plans would describe the necessary procedures the operator would take to minimize any environmental impacts to sensitive fish and mammal habitats, birds or other species in the region.

2. Yukon Benefit Requirements

Operators will be required to conclude benefit agreements and shall adhere to the Yukon benefit requirements outlined in Attachment 3.

3. Compensation

Operators will be expected to provide fair and equitable compensation, consistent with applicable territorial policies, to individuals involved in hunting, trapping and fishing in the event of adverse impacts demonstrated to result from project-related activities.

13. Permit

Any permit which may result from this Call for Bids will be issued pursuant to the *Yukon Oil and Gas Act* and the *Oil and Gas Disposition Regulations*.

Schedule 1: Parcels Available for 1999 Yukon Eagle Plain Call for Bids






Bidders are advised that a small portion of the southwest corner of Parcel 1 has been removed to correspond with the boundary of the Vuntut Gwitchin First Nation R-Block. As a result, section 28 of Grid Area 66-00-137-15 is a partial tract whose boundary is parallel with the rectilinear line forming the east boundary of R-Block R-8A.

QUAD	GRID AREA	SECTIONS
<u>PARCEL 1</u>		
116H/14	66-00-137-00	78,79,80
116H/14	66-00-137-15	8,9,10,18,19,20,28*,29,30,40,50
116I/3	66-10-137-00	41-44,51-54,61-65,71-76
116I/3	66-10-137-15	1-6,11-18,21-29,31-65,68-70,73,74,75,79,80
116I/4	66-10-137-30	3,4,5,6,15,16,28,29,39,40,49,50,59,60,69,70
116I/4	66-20-137-30	1-3,11-13,21-23,31-33,41-43,51-53,61-63
116I/3	66-20-137-15	41,51,52,53,61,62,63,71,72,73
<i>PARCEL 1 NUMBER OF SECTIONS: 146</i>		
<u>PARCEL 2</u>		
116H/15	66-00-136-45	50,59,60,69,70,79,80
116I/2	66-10-136-30	32-34,42-45,51-56,61-67,71-78
116I/2	66-10-136-45	1-9,11,12,16-22,25-32,35-42,45-80
116I/2	66-20-136-45	21,31,32,41,42,51,52,61,62,71
116I/3	66-10-137-00	1-10,12-19,22-29,32-39,45-48,55-58,66,67
116I/3	66-20-137-00	1
<i>PARCEL 2 NUMBER OF SECTIONS: 159</i>		

* partial tract - see map on next page

**SCHEDULE 1:
1999 YUKON EAGLE PLAIN
CALL FOR BIDS MAP**

LEGEND:

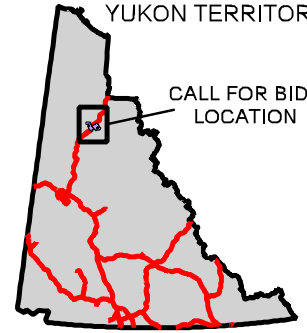
-  Call for Bids Parcel
-  Oil & Gas Disposition
-  Vuntut Gwitchin First Nation R-Block
-  Tr'ondek Hwech'in First Nation R-Block
-  Access Route

5 0 5 10 15 km



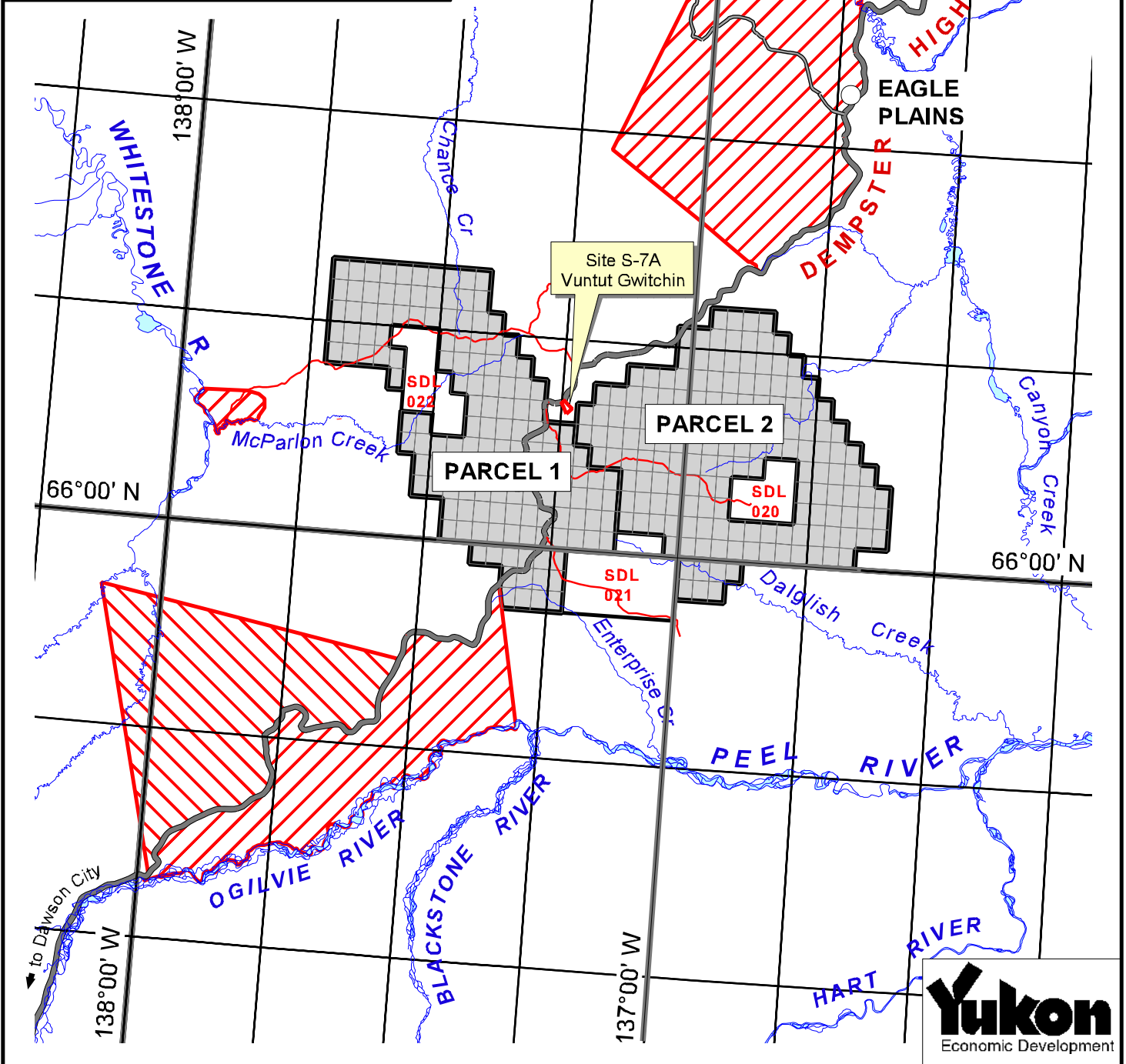
Scale = 1:500,000

YUKON TERRITORY



CALL FOR BIDS
LOCATION

Scale = 1:25,000,000



FOR ILLUSTRATIVE PURPOSES ONLY



BID SUBMISSION FORM

For Branch Use Only

DATE RECEIVED:

____/____/____
y m d

CALL FOR BIDS:

BID LOCATION:

CLOSING DATE: ____/____/____
y m d

LAND SALE #:

TRACT #:

BID #:

CLIENT INFORMATION:

COMPANY REPRESENTATIVE: _____

COMPANY: _____

Address: _____

City, Province/Terr. _____

Postal Code: _____

Telephone: (____) _____

Fax: (____) _____

Email: _____

CLIENT ID #:

BID DETAILS:

AMOUNT OF WORK PROPOSAL SUBMITTED:

(Minimum amount of \$1,000,000)

\$

WORK DEPOSIT SUBMITTED:

(25% of the Work Proposal Bid)

\$

FORM OF DEPOSIT:

- Certified Cheque Bank Draft
 Money Order Other pre-approved form

If this bid is not accepted, the work deposit should be returned to:

COMPANY: _____

Address: _____

City, Province/Terr. _____

Postal Code: _____

Registered mail Courier collect other: _____

If this bid is successful, please issue permit to:

_____ . ____ %
 _____ . ____ %
 _____ . ____ %
 _____ . ____ %

ACCEPTED?

SIGNED: _____

TITLE: _____

NAME: _____

DATE: ____/____/____
y m d

Attachment 2: Schedule of Allowable Expenditures

(note: claims may be subject to post audit)

Data Acquisition

Reflection Seismic, including all costs relating to field acquisition, processing and interpretation:

2D surveys	\$15,000 per km
3D surveys	\$35,000 per sq. km
Participation surveys and group shoots as they relate specifically to evaluation of the permit.	At cost to the permittee, not to exceed the above rates, and subject to pre-approval.
Other geophysical and geological programs or portion thereof, as they relate specifically to evaluation of the permit, such as gravity, aeromagnetic, helicopter portable seismic surveys and geological field studies.	On a case by case basis requiring pre-approval.

Data Purchase

Purchase of gravity, digiseis, and magnetic surveys.	On a case by case basis requiring pre-approval.
Purchase of seismic for re-interpretation.	\$750 per km
Purchase of seismic for re-processing and re-interpretation.	\$1,500 per km

Studies

Geological, geochemical, paleontological and field environmental studies.	On a case by case basis requiring pre-approval.
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Drilling

Drilling operations while actively on location. (This allowable expenditure includes all costs related to mobilization, demobilization, regional office and supervision, support vehicles, helicopters, etc.)	\$100,000 per day
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Attachment 3: Yukon Benefit Requirements

Companies engaged in exploration activity in Yukon are expected to follow the requirements outlined below.

Benefits, Employment and Training

Section 68 of the Yukon *Oil and Gas Act* states that no oil and gas activity shall be carried out under the authority of a licence unless there is in effect a benefits agreement. The following summarizes the main requirements of section 68 of the Act:

- Normally, the agreement is to be tripartite, between the licensee, the Minister on behalf of the Government, and the Yukon First Nation on whose settlement lands or traditional territory the activity will be carried out. However, the following should be noted:
 - (a) If the activity is to be carried out exclusively on Category A Settlement Lands, a benefits agreement executed by the licensee and the First Nation will be deemed to be a benefits agreement under the Act.
 - (b) If the activity is to be carried out exclusively on Category B Settlement Lands, a benefits agreement executed by the licensee and the Minister will be deemed to be a benefits agreement under the Act if there has been full and fair consideration of the views presented by First Nations. If there is no agreement between the First Nation and the Minister, an arbitrator will hear and settle the matter.
 - (c) On other traditional lands, a benefits agreement executed by the licensee and the Minister will be deemed to be a benefits agreement under the Act.
- The agreement is to contain undertakings by the licensee to provide to First Nations, local community residents, and other Yukoners opportunities for employment and training, and opportunities to supply goods and services to the licensee and contractors.
- The benefits are to be commensurate with the nature, scale, duration and cost of the work. Where work related to the oil and gas activity is not anticipated to entail costs in excess of \$1,000,000 (one million dollars) in any 12-month period a benefits agreement is not required.
- The agreement may cover activities to be carried out under several licences.
- The requirement for an agreement may be waived under some circumstances.

Consultation

A company will be expected to provide appropriate information concerning its exploration programs to concerned individuals, groups and communities in Yukon. Exchanging relevant information in a timely fashion will enable the company to assess the potential local economic and employment opportunities.

Reporting

As determined by the Division Head, a company will be required to report on its progress in achieving the benefit requirements.

Background for 1999 Eagle Plain Call for Bids

Results of Bids and Description of Parcels

Parcel 1

Work expenditure bid	\$8,214,414.44
Work deposit	\$2,053,603.61
Issuance fee	\$500.00
Bidder	Anderson Resources Ltd.

Location and Size

Parcel 1 is located at approximately 66 ° N - 137 ° W. It is 146 sections or 383 square kilometres.

Oil and Gas Dispositions

The parcel abuts on and surrounds significant discovery licence SDL 022. In the southeast corner, the parcel borders on significant discovery licence SDL 021.

Wells and Seismic Lines

Two wells, Chance D-22 drilled in 1985 by EXCO and East Chance C-18 drilled in 1968 by Western Minerals, are located in the parcel area. Two wells, North Parkin D-54 drilled in 1984-85 by EXCO, and West Parkin D-51 drilled in 1965 by Socony Mobil are adjacent to the northern area of the parcel. Extensive seismic was shot within the parcel and areas surrounding it.

Roads and Highways

The Dempster Highway cuts in a north-south direction through the eastern third of the parcel. Two trails run through it. One traverses the northern third of the parcel. The other goes in a southeasterly direction from the Dempster Highways toward the Birch E-53 well.

Parcel 2

Work expenditure bid	\$12,214,414.44
Work deposit	\$3,053,603.61
Issuance fee	\$500.00
Bidder	Anderson Resources Ltd.

Location and Size

Parcel 2 is located at approximately 66 ° N - 137° W. It is 159 sections or 417 square kilometres.

Oil and Gas Dispositions

The parcel touches on and surrounds the location of significant discovery licence SDL 020. In the southwest corner, the parcel borders on significant discovery licence SDL 021.

Wells and Seismic







One well, Birch E-53 which was drilled by Chevron in 1972, is located in the parcel area. Extensive seismic was shot within the parcel and areas surrounding it.

Roads and Highways

The parcel lies to the southeast of the Dempster Highway. A trail cuts through it to the Birch E-53 well.

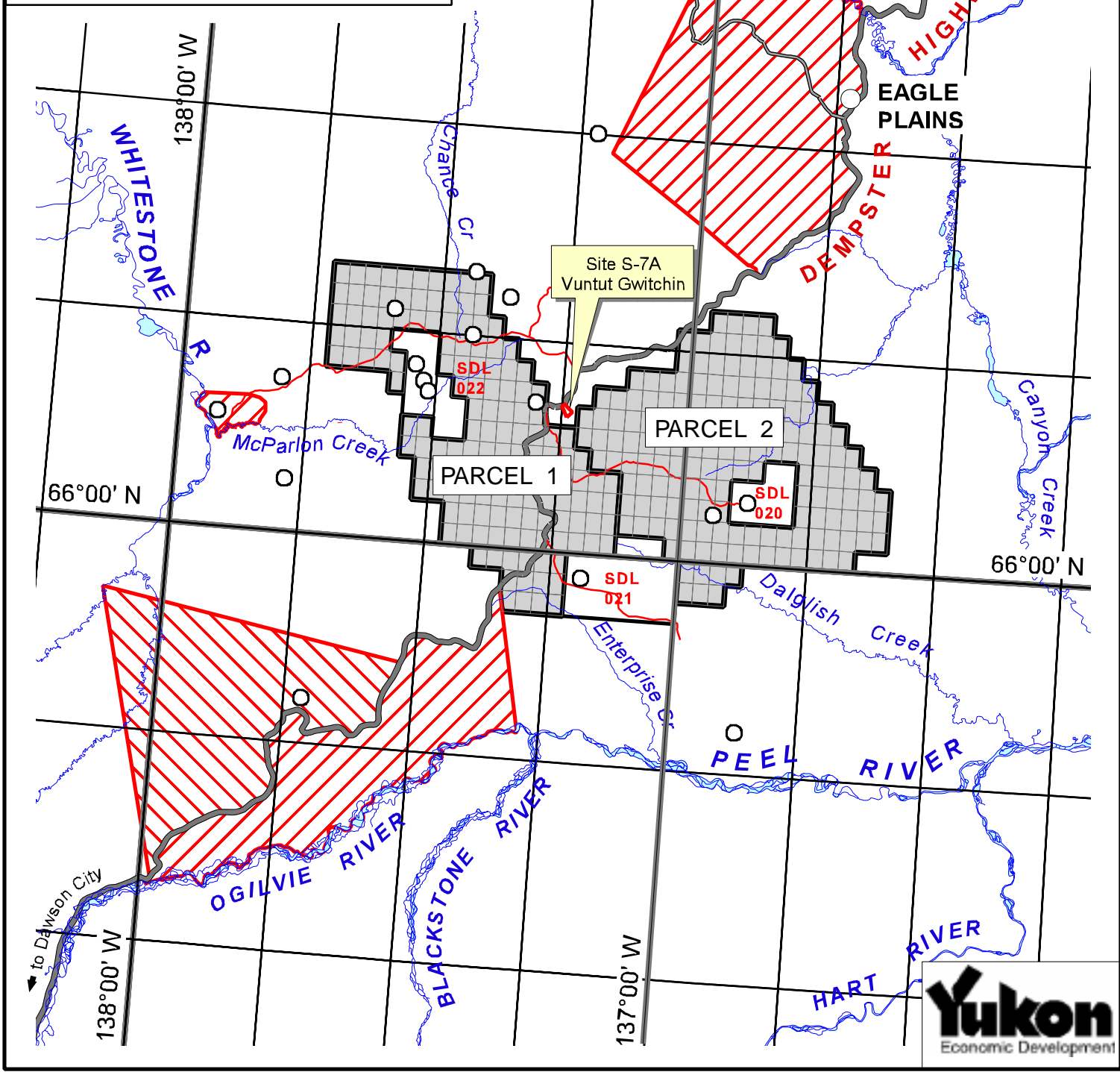
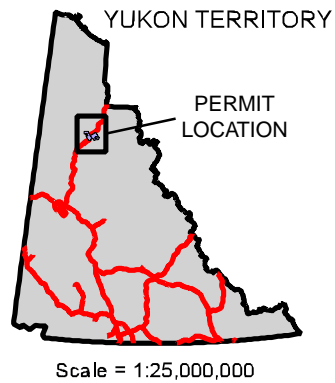
1999 YUKON EAGLE PLAIN OIL & GAS PARCELS

LEGEND:

-  New Oil & Gas Permits
-  Oil & Gas Significant Discovery Licence
-  Vuntut Gwitchin First Nation R-Block
-  Tr'ondek Hwech'in First Nation R-Block
-  Access Route
-  Well

5 0 5 10 15 km

Scale = 1:500,000



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Background Information

Yukon Oil and Gas Act

Under the *Yukon Oil and Gas Act*, the Yukon government has two primary responsibilities for oil and gas: owner (Part 2); and regulator (Part 3).

Depending on the location, oil and gas resources are owned either by a First Nation or the Yukon government. Government's, however, do not have the technical capability to develop the resources, so they usually transfer the rights to them to companies which have the capability.

Dispositions are the legal instruments through which governments grant the right to a company to explore for or remove oil and gas in a location.

Dispositions Generally

The Minister may issue rights to any specific location, may limit the rights available, or may choose not to allow rights to be issued. The Minister may issue rights in three ways: following a Call for Bids, on application, or according to any other procedure. *In September 1999, the Minister of Economic Development issued a Call for Bids for two parcels in the Eagle Plain basin.*

The Minister may restrict the issuance of rights, withdraw land from disposition, refuse to issue a disposition, or cancel a disposition (giving a full refund) where rights were issued in error.

After the Call for Bids, rights are issued through a permit. Once rights are issued, they are binding upon both the government and the rights holder. When rights to a certain location are granted, the successful bidding company has 90 days to sign and return the permit, or it may lose the rights. The term of the permit usually begins the day it is issued.

A holder of oil and gas rights may divide, consolidate, share, sell, or give back those rights. If several parties share the rights, they must appoint a representative to act on their behalf. The representative's actions are legally binding on the partnership.

The Minister may cancel rights if the rights holder does not follow the rules and conditions. The Minister may, on 90-day notice, cancel the disposition if the holder does not follow all the terms and conditions of the disposition, the notices given, and all the regulations. The 90-day notice provides the holder with a chance to make corrections.

Criterion for Issuing Rights

The Minister may issue rights on the basis of either a cash or work expenditure bid. When the rights are issued on the basis of a cash bid, the money is paid to the government and goes into general revenue.

When rights are issued on the basis of a work expenditure bid, the company that proposes to spend the highest total amount of money doing exploratory work on each parcel within the initial term of a permit will be awarded the rights. In this case, the government does not

receive any money that goes into general revenue. However, to ensure that the company spends the money it committed in its Work Proposal Bid, the company is obliged to submit a refundable work deposit to the government:

- The deposit must equal one quarter (25%) of the money bid.
- At its convenience, a company may replace the work deposit with a letter of credit, a bank guarantee, or any other financial instrument acceptable to the Minister.
- As the company performs its work, one quarter (25%) of the money spent will be refunded at the end of each permit year. If the work deposit has been replaced with a letter of credit or bank guarantee, at the end of each permit year the company may reduce the guarantee by an amount equal to one quarter (25%) of the money spent during the year.

Oil and Gas Permits and Leases

General

Oil and gas rights are granted through two instruments: permit or lease.

A permit allows a company to explore for, drill, and test for oil and gas. If a permit holder discovers oil or gas, they may apply for a lease to begin production. The lease gives them rights to remove and sell whatever oil and gas is at that location.

Besides a permit or lease, rights holders require specific licences to perform any oil or gas activity. In other words, rights pertain to resources in a certain location, while licences cover any and all activities related to the resource.

Permits

A permit will allow the holder the right to:

- explore, drill and test for oil and gas in a specific location;
- recover and remove the oil or gas produced as a result of the testing; and,
- apply for a lease at that location.

A permit may or may not be renewable, but it cannot be held for an aggregate term of more than ten years. A permit may only be renewed if at least one well is drilled in the location during the first term.

A permit term may be extended for up to 180 days to allow completion of drilling already under way.

Leases

A permit holder may apply for a lease any time before the permit expires.

The lease will be at the same location as the permit, minus any areas that are not believed to contain oil or gas. The lease location is described in three-dimensional terms. It grants rights over a certain area, to the bottom of the productive oil or gas zone that is the deepest.

A lease will be good for ten years, renewable for terms of five years each. A lease renewal will only cover spacing areas that contain productive zones.