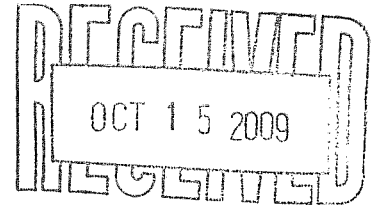




KWANLIN DUN FIRST NATION
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October 15, 2009

Oil and Gas Resources
Government of Yukon
PO Box 2703
Whitehorse, YT Y1A 2C6

Attention: Ron Sumanik

Dear Sir:

Re: Comments on Proposed Amendments to *Yukon Oil and Gas Act* ("YOGA")

The purpose of this letter is to provide you with the views of Kwanlin Dun First Nation with respect to the proposed amendments to YOGA presented by Yukon Government to the MOA Working Group and Kwanlin Dun First Nation.

Kwanlin Dun First Nation values the opportunity to provide its views and appreciates the fact that the MOA Working Group still functions and provides a valuable channel for communication on matters related to YOGA.

We understand that the MOA Working Group held two in-person sessions which provided for a useful exchange of information and ideas.

Kwanlin Dun First Nation is prepared to support all of the changes to YOGA proposed by the Yukon Government with the exception of changes to s. 13 of the Act.

Section 13 protects the rights of Yukon First Nations without Final Agreements and is rooted in a Government to Government agreement between the Government of Yukon and Yukon First Nations. It honours a commitment made and it cannot be repealed without breaching that commitment. It cannot be unilaterally repealed by Yukon without violating the letter and the spirit of that agreement and breaching the honour of the Crown.

Further, we are led to understand that the unilateral repeal of s. 13, without the consent of Yukon First Nations, would likely lead to litigation and commercial uncertainty inconsistent with our

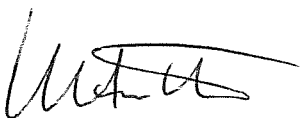
collective efforts to create a positive business environment that will encourage oil and gas activity in the Yukon.

However, Kwanlin Dun First Nation may be prepared to support the repeal of s. 13 if it was done with the consent of Yukon First Nations and included a package of amendments to s. 68 of YOGA related to Benefits Agreements. We understand that the MOA Working Group discussed the possibility of making amendments to s. 68. For the record, we wish to repeat four simple, practical areas for improvement that we understand were discussed at the MOA Working Group table. They are as follows:

1. The First Nation and the company should be able to waive the requirement for including Yukon as a party to a Benefits Agreement.
2. Section 68 says the benefits must be commensurate with the “nature, scale, duration and costs” of the activity. This wording is identical to the Kwanlin Dun First Nation Final Agreement clause 21.13.11 which applies to a Yukon Asset Construction Agreement. This language is difficult to interpret and to apply in practice. We would like to see some discussion take place that could lead to either amendments or binding guidelines that clarify the intent of this wording.
3. Section 68 should be amended to clarify that Benefits Agreements can be entered into with Kwanlin Dun firms. This would be similar to the language in our Final Agreement and would help avoid tax issues that arise under First Nation Self-Government Agreements when a First Nation is carrying on business off Settlement Land.
4. The scope of Benefits Agreements should be expanded beyond employment, training and the provision of goods and services. First Nation/industry relations have moved beyond those limited relationships and YOGA needs to reflect current business realities. There is no need to confine the scope of a Benefits Agreement the way s. 68 currently confine the scope of a Benefits Agreement. It should, for example, allow for partnerships, investment and resource revenue sharing. The scope would be a matter for negotiation at the time. Amendments are necessary to allow for the negotiation of Benefits Agreements that better meet the needs of First Nations, Yukon Government, and industry.

In summary, Kwanlin Dun First Nation does not support a repeal of s. 13 at this time and recommends again that s. 13 repeal only be revisited in the future if agreement is first reached with Yukon First Nations on amendments designed to make s. 68 Benefits Agreement.

Yours truly



Chief Mike Smith