

**Government of Yukon
Call for Nominations # 4
North Yukon
March 8 – May 11, 2004**

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Oil and Gas Management Branch
Yukon Department of Energy, Mines and Resources
#300, 211 Main Street
Whitehorse, Yukon
Y1A 2B1
Canada
Tel: (867) 667-3427
Fax: (867) 393-6262

Call for Nominations # 4: North Yukon

**(REQUEST FOR POSTINGS)
OPENING AT 9 A.M. (PST) ON MARCH 8, 2004
AND CLOSING AT 4 P.M. (PDST) ON MAY 11, 2004**

1. Call for Nominations

The Minister of Energy, Mines and Resources hereby calls for the submission of nominations for the sale of oil and gas rights located in the North Yukon. A map of the area is attached for reference (Attachment 3).

Posting requests received between 9 a.m., Pacific Standard Time (PST), on March 8, 2004 and 4 p.m. Pacific Daylight Savings Time (PDST), on May 11, 2004 will be considered by the Minister for inclusion in a Call for Bids tentatively scheduled to be issued in September 2004.

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 Requests in Yukon (Attachment 2). Each parcel posted shall be comprised of 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 (the equivalent of 2 grid areas).

3. Submission of Posting Requests

All requests should be submitted by fax between 9 a.m. (PST) on March 8, 2004 and 4 p.m. (PDST) on May 11, 2004. Each request should be addressed as follows:

"Request for Posting # 4: North Yukon"
Attention: Division Head
Oil and Gas Management 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 requests 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. However, under the review process to be followed before the Call for Bids, 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 Management 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. First Nation Lands

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

6. Special Values and Mitigative Measures

During Step 1: Information Gathering, and Step 2: Government to Government Consultations, the Government of Yukon received input to determine significant values and concerns which might have to be addressed through mitigative measures, should oil and gas activity take place. The process that was followed is summarized in a document entitled “Summary of Findings: Step 1, Information Gathering for Oil and Gas Disposition #4” which is available on the website www.yukonoilandgas.com. For specific information on the values found in the Call for Nominations area, please contact the Oil and Gas Management Branch.

Companies are advised that activity may be prohibited on identified cultural, historic, archeological, and burial sites. In addition there may be seasonal or operational limitations established based on potential impact on sensitive fish, birds or mammal habitats, and there may be conditions relating to drilling fluids and waste discharges.

In particular, several areas were identified as “Area of Special Consideration” indicating areas that may be subject to additional regulatory terms and conditions. For this Call, there are three Areas of Special Consideration: the Tabor wetlands, the Turner Lake wetlands and a 20 kilometer buffer around the Fishing Branch Protected Area. In these areas, prior to the commencement of activity, the proponent may be required to draw up site specific environmental protection plans. 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.

7. Review Process after Call for Nominations

Companies making requests are advised that after the Call for Nominations and before the Call for Bids, the requested areas will be subject to a public review process (see sections 6-8 of the Oil and Gas Disposition Regulations) which involves the public, First Nations and Yukon Government departments. This may result in changes being made to the draft Call for Bids, and additional operating terms and conditions being required at the activity stage.

The following summarizes the steps of the review 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 to 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, First Nations and Yukon Government departments, prepare and submit a report and recommendations to the Minister on whether to proceed to a Call for Bids and under what terms and conditions.
- The Minister will make a decision regarding the request after considering the Division Head's report and recommendations.

8. Licensing of Activities

Before conducting any activity (seismic, drilling of a well, etc.), operators must obtain the required licence pursuant to the Yukon *Oil and Gas Act* and its regulations. At the time of issue of this Call, the relevant regulations (*Licence Administration Regulations*, *Geoscience Exploration Regulations*, and *Drilling and Production Regulations*) were all in draft form.

Companies making requests are advised that an environmental review process will be included in consideration of any licence application.

Concluding a benefits agreement may be required to obtain a licence. For details on the benefits requirements see the draft Call for Bids.

9. Special Conditions

Should companies require any special conditions, pursuant to section 5(2) of the *Oil and Gas Disposition Regulations*, these must be identified in the posting request

10. Resulting Call for Bids

The company that requested the posting of a parcel(s) is expected to submit a bid(s) at the sale following 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.

*Archie Lang, Minister
Energy, Mines and Resources
Government of Yukon*

Call for Nominations 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 *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 Oil and Gas Management website at www.yukonoilandgas.com
2. Oil and Gas Management Branch
Yukon Department Energy, Mines and Resources
#300, 211 Main Street
Whitehorse, Yukon
Y1A 2B1
Tel: (867) 667-3427
Fax: (867) 393-6262

Rights Issuance Process and Resource Management Regime

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

John Masterson
Director
Oil and Gas Management Branch
Yukon Department Energy, Mines and Resources
#300, 211 Main Street
Whitehorse, Yukon
Y1A 2B1
Tel: (867) 667-5026 Fax: (867) 393-6262
E-mail: John.Masterson@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:

Riona Freeman
Senior Petroleum Geologist
Oil and Gas Management Branch
Yukon Department Energy, Mines and Resources
#300, 211 Main Street
Whitehorse, Yukon
Y1A 2B1
Tel: (867) 667-8525 Fax: (867) 393-6262
E-mail: Riona.Freeman@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
Lands Branch
Department of Energy, Mines and Resources
320, 300 Main Street
Whitehorse, Yukon
Y1A 2B5
Tel: (867) 667-3173 Fax: (867) 667-3214
E-mail: marg.white@gov.yk.ca

Call for Nominations Attachment 2: Guidelines for Posting Requests 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 Yukon. For more detailed information see Sections 2, 3 and 4 of the *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 co-ordinates 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).

Figure 1. Grid with 80 Sections

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



POSTING REQUEST

Energy Mines and Resources
Oil & Gas Management Branch (K-12)

Box 2703, Whitehorse, YT Y1A 2C7
Fax: 867-393-6262
www.yukonoilandgas.com
john.masterson@gov.yk.ca

To be completed by the Yukon Oil
and Gas Management Branch:

Date Received: yyyy mm dd

Call for Nominations	
Call Location:	<input type="text"/>
Call Date:	<input type="text"/> <input type="text"/> <input type="text"/>
Closing Date:	<input type="text"/> <input type="text"/> <input type="text"/>

Client Information	
Company:	<input type="text"/>
Contact Name:	<input type="text"/>
Title:	<input type="text"/>
Address:	<input type="text"/>
	<input type="text"/>
	<input type="text"/>
Province/Territory	Postal Code
<input type="text"/>	<input type="text"/>
Telephone:	<input type="text"/>
Fax:	<input type="text"/>
E-mail:	<input type="text"/>

Tract	
NTS Quad(s):	<input type="text"/>
Grid Area(s):	<input type="text"/>
Section(s):	<input type="text"/>
Number of Sections:	<input type="text"/>
Total Number of Sections:	<input type="text"/>

Notes	
<input type="text"/>	

Call #:

Nomination #:

Client I.D. #:

Tract #:

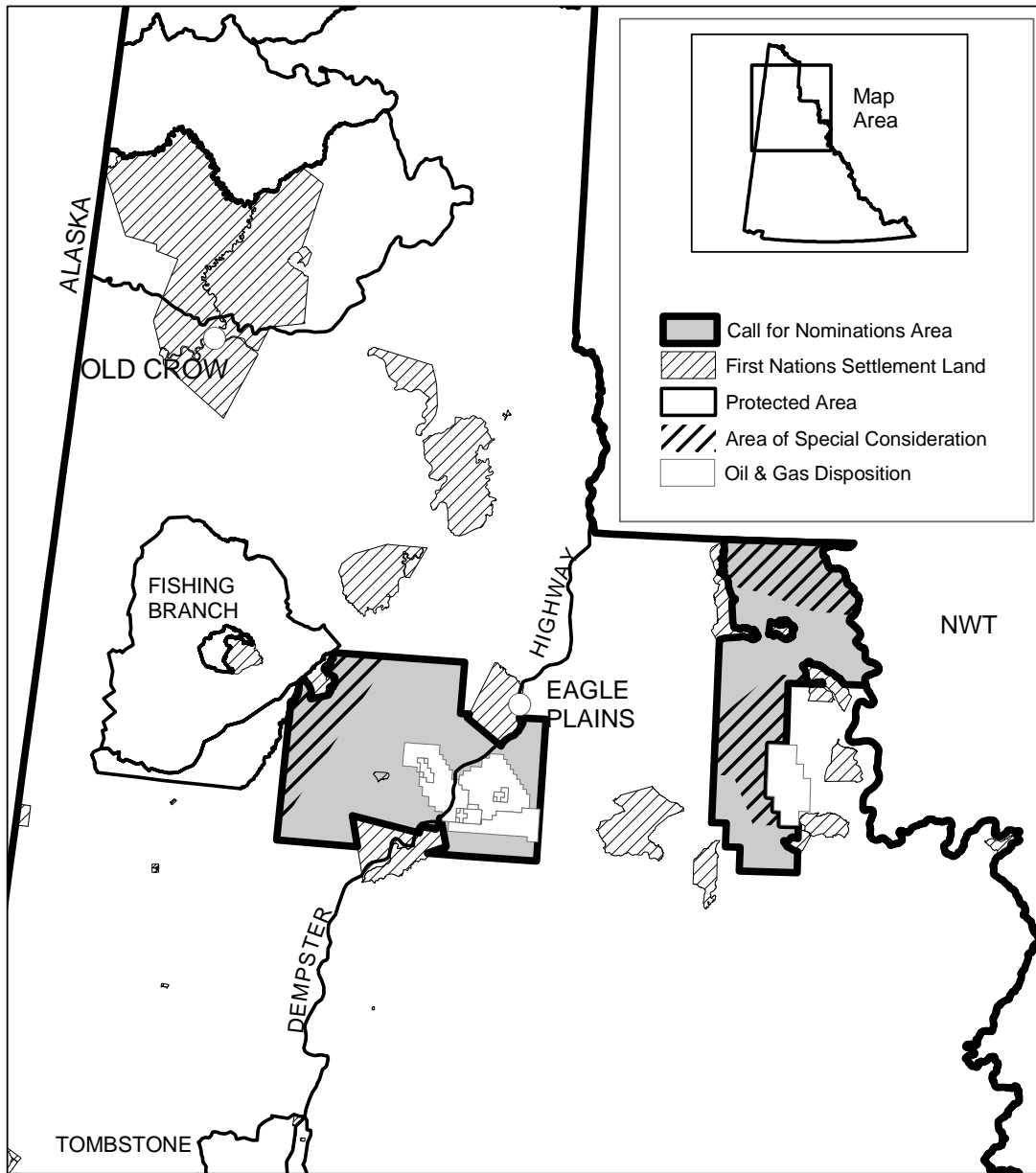
Name:

Title:

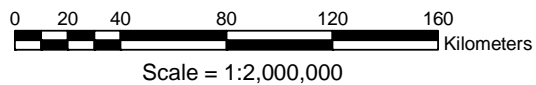
Signature: _____

Date: yyyy mm dd

Attachment 3: Map of Call Area



YUKON OIL & GAS CALL FOR NOMINATIONS #4: NORTH YUKON



March, 2004

THIS MAP FOR ILLUSTRATIVE PURPOSES ONLY



Note: This Call for Bids is a Draft for Illustrative Purposes. It is subject to change as a result of the Public Review of nominated parcels

**Government of Yukon
Draft Call for Bids # 4
Parcel in North Yukon**

September 21, 2004 – November 23, 2004

Oil and Gas Management Branch
Yukon Department Energy, Mines and Resources
#300, 211 Main Street
Whitehorse, Yukon
Y1A 2B1
Canada
Tel: (867) 667-3427
Fax: (867) 393-6262

Note: This Call for Bids is a Draft for Illustrative Purposes. It is subject to change as a result of the Public Review of nominated parcels

Draft Yukon Call for Bids # 4 Parcel in North Yukon

1. Call for Bids

The Yukon Minister of Energy, Mines and Resources (Minister) hereby makes a call for the submission of bids for the sale of a permit for oil and gas rights in respect of the parcel 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 permit will grant rights only to oil and gas under the administration and 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 **4:00 P.M., Pacific Standard Time, on Tuesday, November 23, 2004:**

Oil and Gas Management Branch
Yukon Department of Energy, Mines and Resources
#300, 111 Main Street
Whitehorse, Yukon
Y1A 2B1

Each bid submitted in response to this Call must be addressed to the Minister of Energy, Mines and Resources and be in double sealed envelopes bearing no corporate identification. The outer envelope should be clearly marked as follows: "Yukon 2004 North Yukon Call for Bids". The inner envelope should be clearly marked as follows: "Yukon 2004 North Yukon Call for Bids: bid for parcel 01".

The Bid Submission Form (Call for Bids Attachment 1) must be completed and accompany the bid.

To be accepted, a bid must be accompanied by a separate financial instrument 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*

The successful bid will be selected 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).

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4. Minimum Bid

Work proposal bids of less than \$1 million for the 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

Subject to the *Oil and Gas Act*, the initial term of the permit will be six (6) years with a right of renewal and, if the permit is renewed, the renewal term will be four (4) years. Section 35 of the Act provides for extensions of the initial term and the renewal term by reason of drilling.

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 an initial term is extended by reason of drilling, 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.

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. Non-certified 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.

As expenditures are incurred during the initial term of the permit, Work Deposits are refundable on an actual cost basis, pursuant to Guidance Notes on Claiming Allowable Expenditures (Attachment 2). 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.

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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 the permit continues in force beyond the second term due to the drilling of a well, rentals will be payable at the rate applicable during the second term. Such rentals will be payable monthly, in advance, at the rate of one twelfth (1/12) of the annual rate.

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 Guidance Notes for Claiming 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 the 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 will be subject to Yukon policy and regulatory requirements noted in this section. In addition, bidders are advised that surface access and activities will be subject to federal land use planning requirements.

Before conducting any activity (seismic, drilling of a well, etc.), operators must obtain the required licence pursuant to the Yukon *Oil and Gas Act* and its regulations.

The Government of Yukon is committed to administrative simplicity and efficiency and will, to the greatest extent possible, adhere to a streamlined one window licensing process and coordinate the review of oil and gas applications and submissions through one entity.

12.1 Requirements 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 (CEAA)*, and other applicable legislation. Specifically:

- Operators may be required to conduct environmental impact assessments, including cumulative impact assessments of oil and gas development. These assessments may result in measures intended to maintain the habitat of caribou herds, waterfowl, and other birds;

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protect the integrity of 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.
- Operators 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.
- Buffers or setbacks (distance or conditions) of operations from rivers and their view sheds, or equipment-free zones may be required at the permitting/licensing stage

Prospective bidders are advised that the government intends to develop environmental guidelines/best practices in conjunction with the industry and other interested parties for seismic activity.

12.2 Cumulative Impact Assessments

Cumulative impact assessments of oil and gas development will be required as part of the overall environmental impact assessment under CEAA and eventually the Development Assessment Process (DAP).

12.3 Yukon Benefits Requirements

Operators applying for a licence may be required to conclude benefits agreements and shall adhere to the Yukon benefits requirements outlined in Call for Bids Attachment 3. In addition, operators may be required to inform First Nations with traditional territories in the license area of potential employment and business opportunities associated with operations conducted under authority of a proposed license.

12.4 Heritage, Cultural, Archeological Requirements

Operators are advised that activity may be prohibited on identified cultural, historic, archeological, and burial sites. Operators applying for a licence will be required to conduct a heritage resource impact assessment to determine the location of heritage, cultural and archeological resources and possible impacts the proposed activity may have on them. A plan to mitigate such impacts may be required.

12.5 Waterfowl and Wetlands

Activity may be restricted in wetlands to times when there are no waterfowl present, unless it can be shown that the activity can occur without harmful effects to the environment and waterfowl in particular

12.6 Socio-Economic Impact, Notification, and Compensation

Operators will be required to assess the socio-economic impact of the proposed activity.

Operators will be required to consult with owners and occupants of land and others who will or may be adversely affected by operations to be conducted under authority of a proposed licence.

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Operators will be expected to provide fair and equitable compensation, consistent with applicable territorial policies, to owners and occupants of land and others in the event of adverse impacts demonstrated to result from project-related activities.

12.7 Road and Surface Access

Access may be restricted to winter access only unless it can be shown that the access/activity can occur without harmful effects to the environment and wetlands in particular.

Operators planning to construct access roads will be required to obtain appropriate permits and licences.

12.8 Best Practices

Yukon is working to develop a code on “best practices”. In future, operators will be required to conduct operations based on such a code.

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*.

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**Call for Bids Schedule 1:
Parcel(s) Available for 2004 Call for Bids
Parcel Number 01**

(To be filled in after nominations are received and the review process is completed)

GRID AREA SECTIONS

Total Sections = xxx

Total Area = xxx hectares more or less.

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(A map showing the parcel will be attached here)

Note: This Call for Bids is a Draft for Illustrative Purposes. It is subject to change as a result of the Public Review of nominated parcels



Economic Development
Oil & Gas Resources Branch (F-4)
Box 2703, Whitehorse, YT Y1A 2C6

Tel: 867-667-3427
Fax: 867-393-6262
www.yukonoilandgas.com
john.masterson@gov.yk.ca

Call for Bids Attachment 1: BID SUBMISSION FORM

For Branch Use Only:

Date Received: yyy mm dd

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CALL FOR BIDS:

Bid Location:
yyy mm dd

Call Date:

--	--	--

yyy mm dd

Closing Date:

--	--	--

Land Sale #:

Tract #:

Bid #:

CLIENT INFORMATION:

Company Representative:

Company:

Address:

City, Province/Territory Postal Code

Telephone:

Fax:

E-mail:

Client I.D. #:

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:

Province/Territory Postal Code

Registered Mail Courier Collect Other _____

If this bid is successful, please issue permit to:

	%
	%
	%
	%

Accepted?:

Signed: _____ Title: _____
yyy mm dd

Name: _____ Date:

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Call for Bids Attachment 2

Guidance Notes on Claiming Allowable Expenditures

(Note: The guidance notes will be developed over the next few months. Yukon intends to have allowable expenditures calculated on an ‘at cost’ (i.e. actual cost) basis for new permits issued).

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Call for Bids Attachment 3: Yukon Benefits 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, if the activity is to be carried out exclusively on Yukon oil and gas lands other than Category B Settlement Land, a benefits agreement executed by the licensee and the Minister will be deemed to be a benefits agreement if there has been full and fair consideration of the views presented by First Nations.
- The agreement is to contain undertakings by the licensee to provide to the First Nation and its citizens, local community residents, and other Yukoners affected by the activity 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 two or more licenses.
- The requirement for an agreement may be waived under some circumstances.

Arbitration

If the activity is to be carried out exclusively on Category B Settlement Land and the parties are unable to agree on the contents of a benefits agreement, any party may submit the matter to arbitration and the arbitrator's award will be deemed to be a benefits agreement.

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 benefits requirements.

Public Review

Yukon Oil and Gas Disposition # 4

May 25, 2004

Background

Yukon's fourth call for nominations related to oil and gas rights was announced on March 8, 2004. It included two oil and gas basins, Eagle Plain and the Peel Plateau. Both basins were also included in earlier calls.

By the time the call closed on May 11, 2004, one parcel in the Peel Plateau was nominated.

Contents of this Review Package

This package has been prepared to assist those who will be involved in the review process for the nominated parcel. It consists of two parts. The first part explains the oil and gas disposition process and how you can become involved. It outlines the steps in the process, what has been done to date, what is involved in the public review, and how your comments will be used.

The second part provides background information on the nominated parcel. It notes the location of the parcel; First Nation traditional territories in the area; preliminary environmental, surface and community information; and, historic oil and gas activity in the area.

Further Information

You can obtain further information in two ways.

1. By phone, fax, email or visit to the Oil and Gas Management Branch of the Department of Energy, Mines and Resources:

Location: 300 –211 Main Street (3rd floor, above Shoppers Drug Mart)

Mail: P.O. Box 2703 (K-12)
Whitehorse, Yukon, Y1A 2B2

Tel: (867) 667-3427

Fax: (867) 393-6262

Email: oilandgas@gov.yk.ca

2. Visit the Energy, Mines and Resources website at www.yukonoilandgas.com. The information posted on this website includes resource assessments of the Yukon oil and gas basins, legislation and regulations and other information pertinent to oil and gas in Yukon.

Oil and Gas Disposition Process

And

Your Involvement in the Public Review

What are the Steps in Disposition Process?

Oil and gas rights are issued following a two-step process that ends with a Call for Bids on a specific parcel of land. The two steps are:

1. Call for Nominations

In preparation for Yukon's Call for Nominations, information is gathered from First Nations, government departments and stakeholder groups. Based on this information, the Yukon government prepares a draft map of the call area(s) being considered for a Call for Nominations and engages in government to government consultations with affected First Nations. Following the consultations, Yukon government will prepare and post the final Call for Nominations package.

2. Call for Bids and issuance of dispositions

A public review of the nominated parcels is conducted once the Call for Nominations has closed and industry has identified an area of interest within the boundaries of the call area. Based on the input received, the nomination area could be adjusted or certain conditions could be put in place before a map of the area(s) is posted and a call for bids is issued.

The Call for Nominations concluded on May 11, 2004 and we are now ready to start the public review.

What is the Purpose of the Public Review Process?

It is the government's role to balance the potential for oil and gas development with other interests, including the need to protect the environment and social values, ensure Yukoners benefit, and minimize conflicts related to other land uses. An important vehicle used to accomplish this goal is the public review process. The purpose of the review is to determine environmental, surface access, social and economic concerns that could arise as a result of activities or operations conducted pursuant to a proposed disposition.

The public review does not replace the environmental review required when a company applies for a license to conduct an activity under the *Licensing Administration Regulation*. The public review helps to identify any issues or concerns that should be taken into account when the Call for Bids is prepared. Depending on the nature of these concerns, the Call for Bids may contain certain conditions or caveats. For example, conditions may limit activity to certain times of the year, or within a certain distance from roadways and waterways. In some cases, specific areas may be excluded from the disposition.

Who is Involved in the Review?

The review involves First Nations, other government departments, community members and the general public

How Can You Become Involved?

You may submit your comments to the Oil and Gas Management Branch by mail, fax, or email. Our contact information is in the next section.

In preparing your input, we suggest you do the following:

- ***Describe your concern.*** What is your concern? For instance, are you concerned about the potential impact of development on caribou, waterfowl and wetlands; jobs for Yukoners; or the quality of life?
- ***Note the options for addressing your concern.*** Are there any ways to address your concerns? Can any steps be taken to mitigate the potential impacts that concern you? For instance, if you are concerned about the impact of oil and gas development on waterfowl or wetlands, can the impact be mitigated by allowing development only at certain times of the year or by using different exploration methods?
- ***Include your recommendation.*** What is your recommendation on how the government can best address your concern? How and when should your concerns be addressed? For example, should the government place a condition in the Call for Bids or should the government deal with the concerns when an activity is licensed?

How can you submit your comments?

Submit your comments by mail, fax or e-mail.

- By Mail: Oil and Gas Management Branch
P.O. Box 2703 (K12)
Whitehorse, Yukon Y1A 2C6
- By Fax: (867) 393-6262
- By Email to oilandgas@gov.yk.ca

How long is the Review Open?

The deadline for submitting your comments is **noon Friday, July 23, 2004.**

What Happens After the Review?

At the close of the review period, the government will consider all submissions and prepare a report with recommendations for the Minister. Pursuant to the regulations, a copy of the report will be made available to each First Nation who was asked to participate in the review. A summary of the public review will also be posted on our website – www.yukonoilandgas.com.

The Minister will review the report and make a decision on whether to proceed with a Call for Bids and under what terms and conditions the Call for Bids will be issued.

The Call for Bids, which is tentatively scheduled for August 2004, will officially launch the final step in the disposition process. The public notice for the Call for Bids will contain the following:

- A description of the location of the disposition to be issued;
- A summary of any environmental, socio-economic or surface access concerns or other concerns that may affect operations conducted pursuant to the disposition;
- Any special conditions to be included in the disposition; and,
- The sole criterion (work or cash bid) to be used to assess the bids.

At the close of the call, the bids will be reviewed and the name of the successful company announced. A permit for oil and gas rights will then be issued to the successful company.

Information on Nominated Parcel

Location of Nominated Parcel

The attached map shows the location and configuration of the nominated parcel. The parcel occupies an area in the Peel Plateau straddling 66 degrees north latitude and 134 degrees west longitude, just south of the Arctic Circle. It consists of 148 sections with an area of approximately 39,770 hectares.

First Nation Lands

The nominated parcel falls within the primary use area of the Tetlit Gwich'in First Nation and the traditional territory of Nacho Nyak Dun First Nation.

Towns and Inhabited Areas

There are no towns or permanently inhabited areas within the parcel. The closest permanent settlement is at Eagle Plains, approximately 90 kilometers to the northwest of the parcel. Fort McPherson lies on the Peel River approximately 170 kilometers to the north of the parcel.

Ecoregion

The parcel is within the Peel River Plateau Ecoregion. This Ecoregion lies east of the Richardson Mountains and west and north of the Peel River in Yukon, and extends into the Northwest Territories.

The Ecoregion is marked by long, very cold winters and short cool summers. The mean annual temperature is approximately -6°C . The mean annual summer temperature is 10°C and the mean winter temperature is -22.5°C . Mean annual precipitation ranges 200–275 mm. The ecoregion is classified as having a high subarctic ecoclimate.

The predominant vegetation consists of open, very stunted stands of black spruce and tamarack with secondary quantities of white spruce, and a ground cover of dwarf birch, willow, ericaceous shrubs, cottongrass, lichen, and moss. Poorly drained sites usually support tussocks of sedge, cottongrass, and sphagnum moss. Low shrub tundra, consisting of dwarf birch and willow, is also common.

The surface of this ecoregion is characterized by truncated and upturned edges of Palaeozoic and Mesozoic strata, forming terraces, and rounded plateaus. Some portions of the ecoregion in the southwest are unglaciated, but most of its surface is covered by thin, discontinuous, hummocky to dissected glacial drift and organic deposits.

Wetlands are present on over 25 per cent of the ecoregion, characterized by peat plateau bogs, and ribbed and horizontal fens. Permafrost is continuous, and characterized by sparse ice wedges and massive ground ice bodies, with high to medium ice content in the northern part of the ecoregion above Mountain River, and extensive discontinuous permafrost with medium to low ice content below the river. Turbic and Organic Cryosols with some Eutric Brunisols and Static Cryosols are the dominant soils in the ecoregion.

Characteristic wildlife includes caribou, moose, grizzly and black bear, wolf, red fox, snowshoe hare, and beaver. Common birds include raven, osprey, spruce grouse, and waterfowl.

Land use activities include trapping, hunting, and fishing, with some recreation and tourism. There are no permanent communities in this ecoregion.

Areas of Special Consideration

Approximately 25 per cent of the nominated parcel has been designated as an “area of special consideration” (see attached map). This designation indicates that the area may be subject to additional regulatory terms and conditions. Prior to the commencement of activity in “areas of special consideration”, the proponent may be required to draw up site specific environmental protection plans. These plans will describe the procedures the operator will take to minimize any environmental impacts to sensitive fish, bird, or mammal habitats.

Rivers and Lakes

The Peel River cuts through the middle of the nominated parcel. A few tributaries in the parcel drain into the Bonnet Plume River.

Resource Assessments

A resource assessment of the Peel Plateau Basin was completed by the National Energy Board in March 1999 and updated in November 2000. It identified the potential for 2.29 Tcf of gas and 21.3 million barrels of oil. These assessments are being updated.

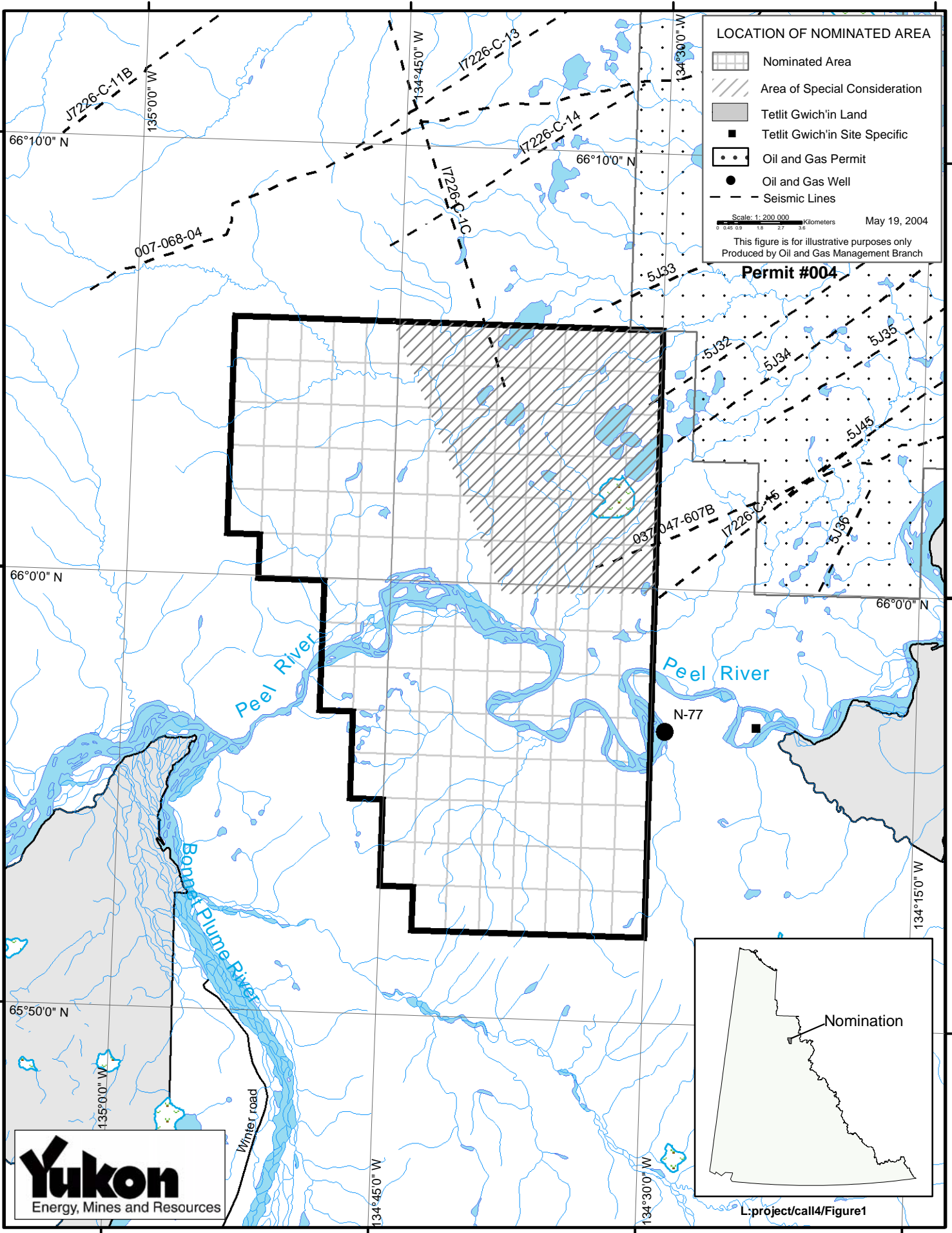
Oil and Gas Dispositions

Yukon oil and gas permit #4, to the north and east of the parcel, was issued to Hunt Oil Company of Canada, Inc. in February 2002 (see attached map). No work has yet been done on the disposition.

Oil and Gas Activity

The Peel Plateau area has remained inactive for the past 25 years. Eighteen wells were drilled in the 1960s and 1970s. One of these wells, the Toltec Peel River N-77, lies abandoned within a couple of kilometres of the nominated parcel. A number of other wells were drilled within a 100 kilometers radius of the nominated parcel.

Although a fair amount of seismic was shot to the northeast of the nominated parcel, only two lines extend into the parcel in the northeast quadrant.



L:project/call4/Figure1

Background Geological Information

YUKON CALL FOR BIDS

DISPOSITION #4

Parcel Nominated in the Peel Plateau

Oil and Gas Management Branch
Yukon Department of Energy Mines and Resources
Suite 300, 211 Main Street
Whitehorse, Yukon
Y1A 2B2
Canada
Tel: (867) 667-3427
Fax: (867) 393-6262

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PEEL PLATEAU BACKGROUND GEOLOGY

Introduction

Yukon's fourth call for bids for oil and gas rights was announced on August 18, 2004 and closes on October 20, 2004. This Call involves one parcel in the Peel Plateau Basin. A Public Review of the nominated parcel took place between May 26 and July 23 to determine any environmental, socio-economic or surface access concerns. The current Call for Bids takes these concerns into account.

The Call for Bids package is available from the Oil and Gas Management Branch web site at www.yukonoilandgas.com. It is also available in hard copy by phoning, faxing, writing or visiting the Branch as follows:

Oil and Gas Management Branch
Yukon Department Energy Mines and Resources
Suite 300, 311 Main Street
Whitehorse, Yukon Y1A 2B2
Tel: (867)-667-3427
Fax: (867)-393-6262

The following documentation is designed to assist exploration companies by providing basic exploration information and directions on how to obtain further geological data.

Geographic Description

Figure 1 shows the location of the nominated parcel relative to existing oil and gas wells, seismic lines and settled land claims. The parcel occupies an area near 66° north latitude and 134° 45' west longitude, just south of the Arctic Circle. The selected parcel consists of 148 sections with an area of approximately 397 square kilometres. There are no towns or permanently inhabited areas within the parcel. The closest permanent settlement is Eagle Plains, approximately 100 km to the northwest of the parcel. Fort McPherson lies on the Peel River approximately 150 km to the north of the parcel.

Wetlands are present on over 25% of the Peel Plateau. The region has a high subarctic ecoclimate with continuous permafrost and low annual precipitation. Primary vegetation consists of open, stunted stands of black spruce and tamarack. Terraces and rounded plateaus with little topographic relief characterize Peel Plateau. Most of the region is covered by thin, discontinuous, hummocky to dissected glacial drift and organic deposits, although some portions escaped glaciation.

Peel Plateau is bound on the west by the Richardson Mountains and by the Mackenzie Mountains to the south. The eastern and northern portions of the Peel Plateau extend into the Northwest Territories.

Regional Geology

The Peel Plateau lies at the northwest extent of the Western Canada Sedimentary Basin. It is underlain by a wedge of Cretaceous sedimentary rocks deposited in a foreland basin setting that unconformably overlies Paleozoic strata deposited in a continental margin setting. Strata of the

Peel Plateau range from Cambrian to Lower Cretaceous in age with a total thickness of four kilometres. An outline of the stratigraphy is shown in Figure 2.

The Peel Plateau region can be separated into two distinct geological regimes based on structural complexity: structural belts on the fringes of the mountains and a plains region. Strata adjacent to the Mackenzie and Richardson mountains have been disturbed by the Columbian and Laramide orogenic events. These disturbed strata occurring within an interval 10 to 45 km wide offer a diversity of structural traps. Beyond this area, strata are relatively undisturbed and blanketed by Cretaceous cover. A geological cross-section extending east-west through the plains region of the Peel Plateau shows the distribution of the units under the Cretaceous cover (Fig. 3).

Exploration History

Seismic Surveys

During the mid-1960's through to the mid-1970's over 3,000 line-kilometres of two-dimensional seismic data were acquired in the Yukon portion of the Peel Plateau. Seismic lines were concentrated within the disturbed strata zone flanking the Richardson and Mackenzie mountains. Digital data from the National Energy Board indicate two of these seismic lines enter the north east portion of the nominated parcel (Fig. 1). No three-dimensional seismic has been run to date. The Peel Plateau has remained inactive for the past 25 years.

Exploratory Drilling

Exploratory drilling in Yukon's Peel region concentrated along the Peel River drainage outboard of the disturbed zone, with no significant success. The first well (Shell Peel River YT J-21) drilled in the Peel Plateau, in 1965, was dry and abandoned. Eighteen additional wells, also abandoned, were drilled between 1965 and 1977, intersecting approximately 42 km of strata. There were no wells drilled in the nominated parcel. However, one well (Toltec Peel River YT N-77) is located adjacent to the parcel; this well was drilled in 1968 and abandoned in 1970.

Access

Due to extensive wetlands and drainage features, surface access is most feasible during the winter when the ground, watercourses and water bodies are frozen. A network of historic trails and cut-lines were established during oil and gas seismic and well exploration in the 1960's and 1970's. The current condition of most of these is unknown. Most historic winter overland exploration access to this locality was from Fort McPherson, NWT.

Barges were also used to transport equipment and supplies to this region up the Peel River. However, lack of barges of appropriate size and antidotal evidence of lower water levels will make this option less viable.

During the winter of 2002/03, the Department of Indian and Northern Development and the Rat River Development Corporation of the Gwich'in Tribal Council constructed a winter road north east of the nominated parcel to a site on the Peel River. The road was built to access a waste site near the Shell Peel River YT J-21 well for clean up purposes.

The recent issuance of an Exploration Licence (EL 415) on the NWT side of the border may also provide alternate access options to this region.

Access from the Dempster Highway, through passes in the Richardson Mountains, has not been explored as an option.

Geological Mapping

The Geological Survey of Canada conducted 1:250,000-scale bedrock mapping in the Trail River map area (106L) during 1980 as part of Operation Porcupine. In 1984, Norris published a regional geological map for the northern Yukon and northwestern District of Mackenzie at 1:500,000-scale.

Resource Assessments

An assessment of petroleum resource potential in the Peel Plateau was completed in 1999 by the National Energy Board and updated in November 2000. This report noted the following:

- Six conceptual plays, defined on the basis of structural complexity and lithology, are outlined and analyzed in the resource assessment. Five are oil and gas plays, one is gas only.
- The assessment identified the mean potential for 2.29 Tcf of marketable gas and 21.3 million barrels of recoverable oil in Peel Plateau.
- Paleozoic carbonate reservoirs are expected to contain over 80% of the marketable gas and over 88% of the recoverable oil.

A revised assessment, by the Geological Survey of Canada utilizing PETRIMES assessment methodology, is expected in early 2002.

Reservoirs, Traps and Source

There are no producing zones in the Yukon's Peel Plateau; thus no proven reservoirs.

Reservoirs

There are several potential reservoir types in the Peel Plateau region including:

- fractured or vuggy carbonates,
- fractured or porous clastics,
- isolated porous carbonate buildups, and
- pinch-outs of conglomerate and sandstone in a dominantly shale succession.

Traps

Structural, stratigraphic and combination traps occurring in the Peel region include:

- broad, low-amplitude anticlines associated with the Late Cretaceous to early Tertiary Laramide Orogeny,
- thrust structures identified in the disturbed belt on the fringe of the plains,
- faulted coarse clastic rocks, and
- stratigraphic traps (i.e. carbonate to shale transitions).

Sources

Source rocks identified in the Peel Basin include (youngest to oldest) (NEB, 2000):

<i>Stratigraphic Unit</i>	<i>Average %TOC</i>
Cretaceous Arctic Red Formation	1.17
Carboniferous Tuttle Formation	1.79
Devonian Imperial Formation/Ford Lake Shale	1.19
Devonian Canol Formation	3.73
Devonian Hare Indian Formation (Bluefish Member)	2.90
Devonian Hume Formation	1.92

Data Sources

- **Landsat Images** –available from the Canada Centre for Remote Sensing (CCRS) (<http://www.ccrs.nrcan.gc.ca>).
- **Base Maps** – topographic base map NTS 106 L can be obtained from Natural Resources Canada (<http://maps.nrcan.gc.ca/topographic.html>).
- **Geological Information:** the Geological Survey of Canada has recently produced a CD-ROM in conjunction with the Yukon government with 1:250,000 scale data. Contact the Whitehorse Mining Recorder, phone (867)-667-3190.
- **Yukon Petroleum Resource Assessments** are available from Oil and Gas Resources Branch, Government of Yukon <http://www.yukonoilandgas.com>.
- **Well Information** is available from the National Energy Board and the Yukon government. Wells are named by operator/grid block name/unit letter – number – grid area (for example, Shell Peel River I-21-66-20-134-15). Peel River applies to a grid described by the northeast corner latitude (66°N) in 10 degree increments and the longitude (134°W) in 15 degree west increments. The grid area is further divided into 80 sections, and the section is divided into 16 lettered units. (See location scheme, Fig. 4).
- **Well Logs** are available from Oil and Gas Resources Branch, Government of Yukon (867)-667-3427, Geological Survey of Canada Calgary Core Facility, National Energy Board, M.J. Systems and International Datashare Corporation.
- **Cores** are stored at the Geological Survey of Canada Calgary Core Facility (phone: 403-292-7000).
- **Seismic Information** is available from the National Energy Board in microfiche form. See Figure 1 for a map of seismic lines-project numbers. (Commercial vendors also maintain data sets:
 - **SEG-Y (seismic) Data** available from Lynx Canada Information Systems. Phone (403)-269-7255 or email: lynxcanada@home.com.

Key Publications

Dixon, J. 1996. Cretaceous and Tertiary. In: The Geology, Mineral and Hydrocarbon potential of Northern Yukon Territory and Northwestern District of Mackenzie. Geological Survey of Canada, Bulletin 422, p. 301-317.

Gordey, S.P. and Makepeace, A.J., 1999. Yukon Digital Geology. S.P. Gordey and A.J. Makepeace (comp.), Geological Survey of Canada, Open File D3826, Exploration and Geological Services Division, Yukon, Indian and Northern Affairs Canada, Open File 1999-1(D).

Hannigan, P.K., 2001. Petroleum Resource Assessment of the Arctic Circle/Dempster Highway Study Area. Whitehorse, Oil and Gas Resources Branch, Department of Economic Development, 80 p.

Link, C.M. and Bustin, R.M., 1989. Petroleum source potential and depositional setting of Phanerozoic strata in northern Yukon and Northwest District of Mackenzie. Bulletin of Canadian Petroleum Geology, vol. 37: 293-315.

Morrell, G. R., 1995. Petroleum exploration in Northern Canada: a guide to oil and gas exploration and potential. Northern Oil and Gas Directorate, Indian and Northern Affairs, Canada, 110 p.

Morrow, D.W., 1999. Lower Paleozoic Stratigraphy of Northern Yukon Territory and Northwestern District of Mackenzie. Geological Survey of Canada, Bulletin 538, 202 p.

National Energy Board, 2000. Petroleum Resource Assessment of the Peel Plateau, Yukon Territory, Canada. 2000 rev. ed. Whitehorse, Oil and Gas Resources Branch, Department of Economic Development, 64 p.

CD or paper copies can be obtained by contacting the Oil and Gas Resources Branch or visiting our website at www.yukonoilandgas.com.

Norris, D.K., 1981. Trail River, Yukon-Northwest Territories, Geological Survey of Canada, Map 1524A, scale 1:250 000

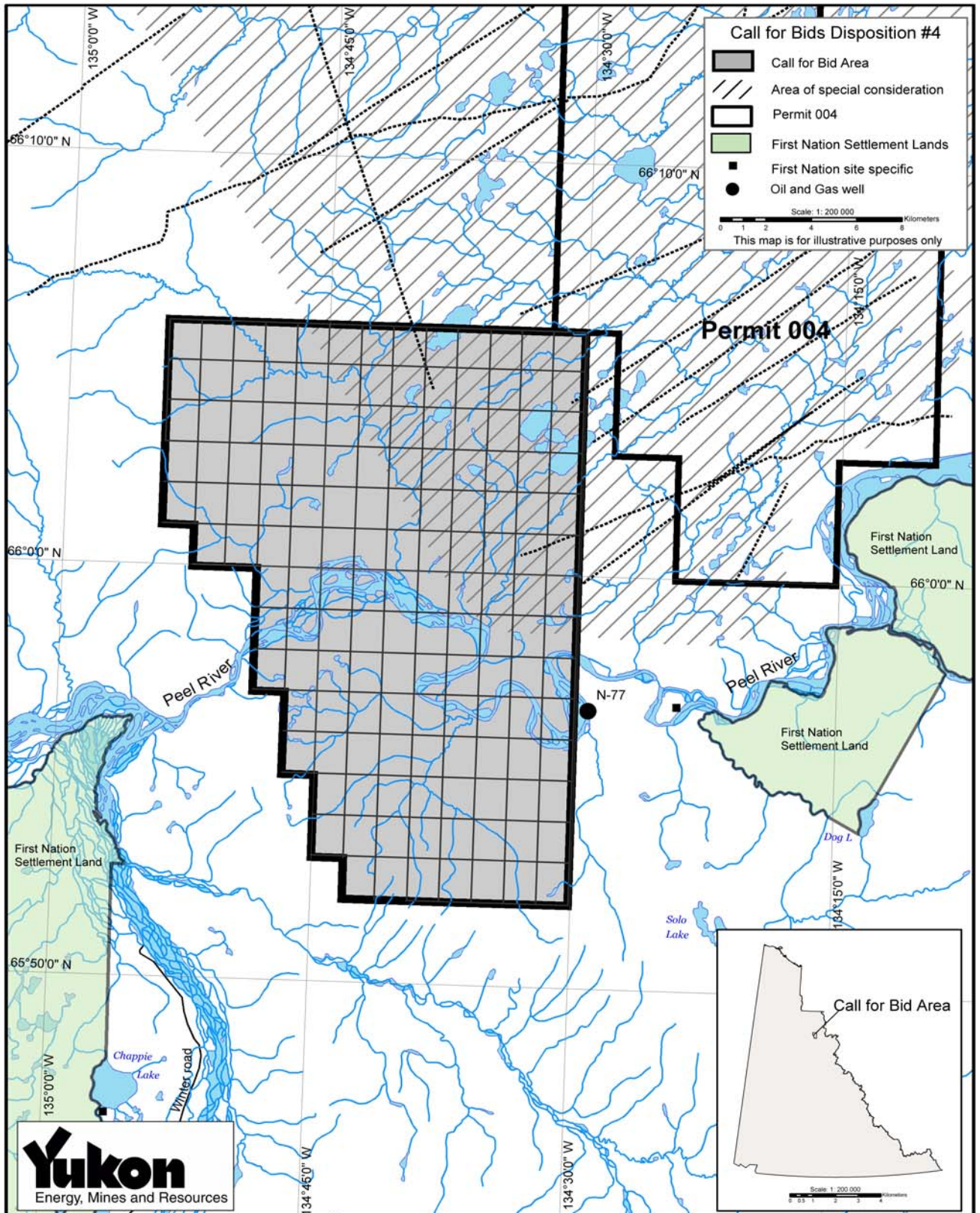
Norris, D.K., 1984. Geology of the northern Yukon and northwestern District of Mackenzie, Geological Survey of Canada, Map 1581A, scale 1:500 000.

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List of Figures

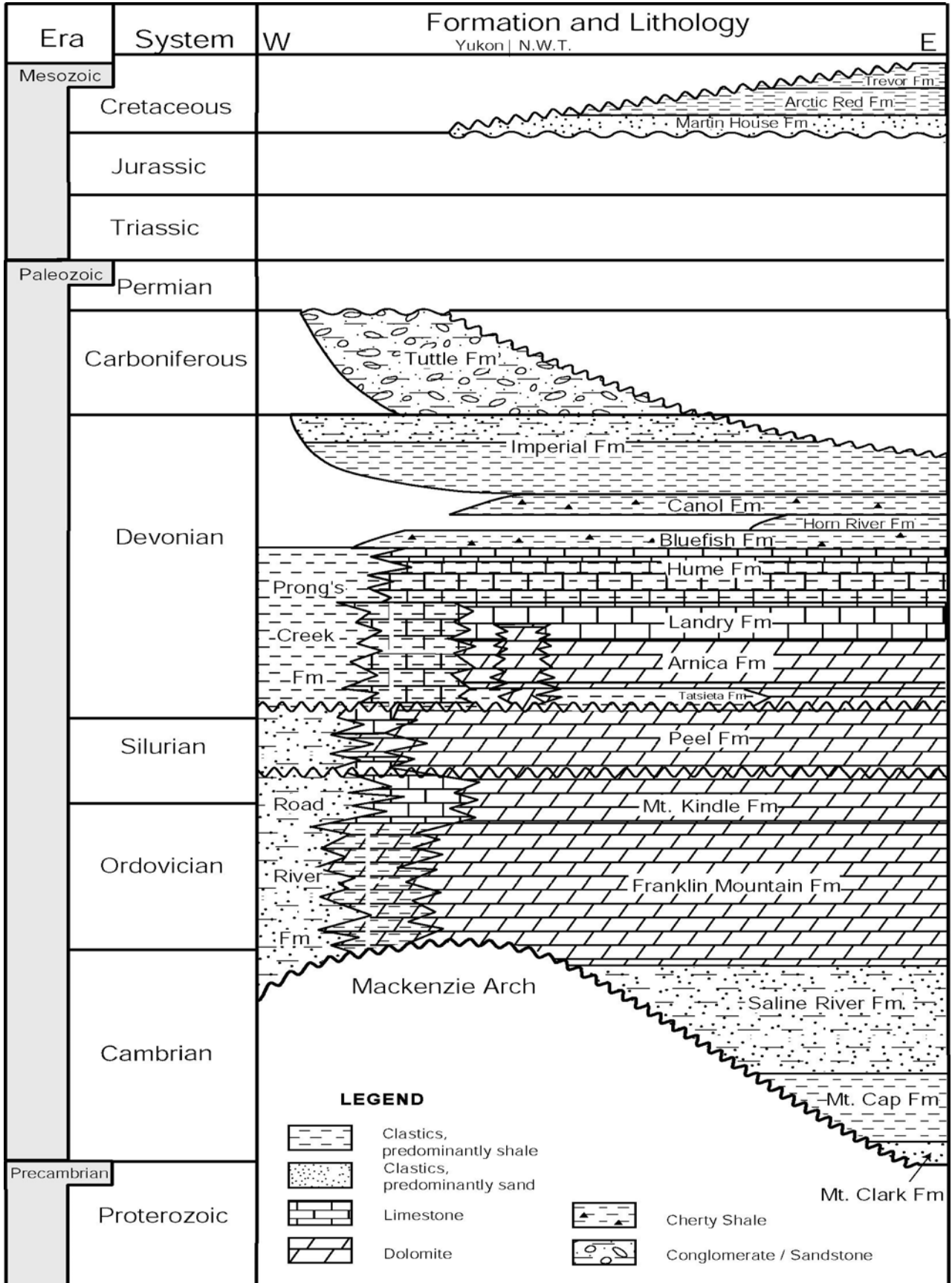
- Figure 1 Location Map
- Figure 2 Stratigraphic Column
- Figure 3 Diagrammatic cross-section through Peel Plateau
- Figure 4 Yukon Well Location Scheme

Figure 1: Call for Bids parcel



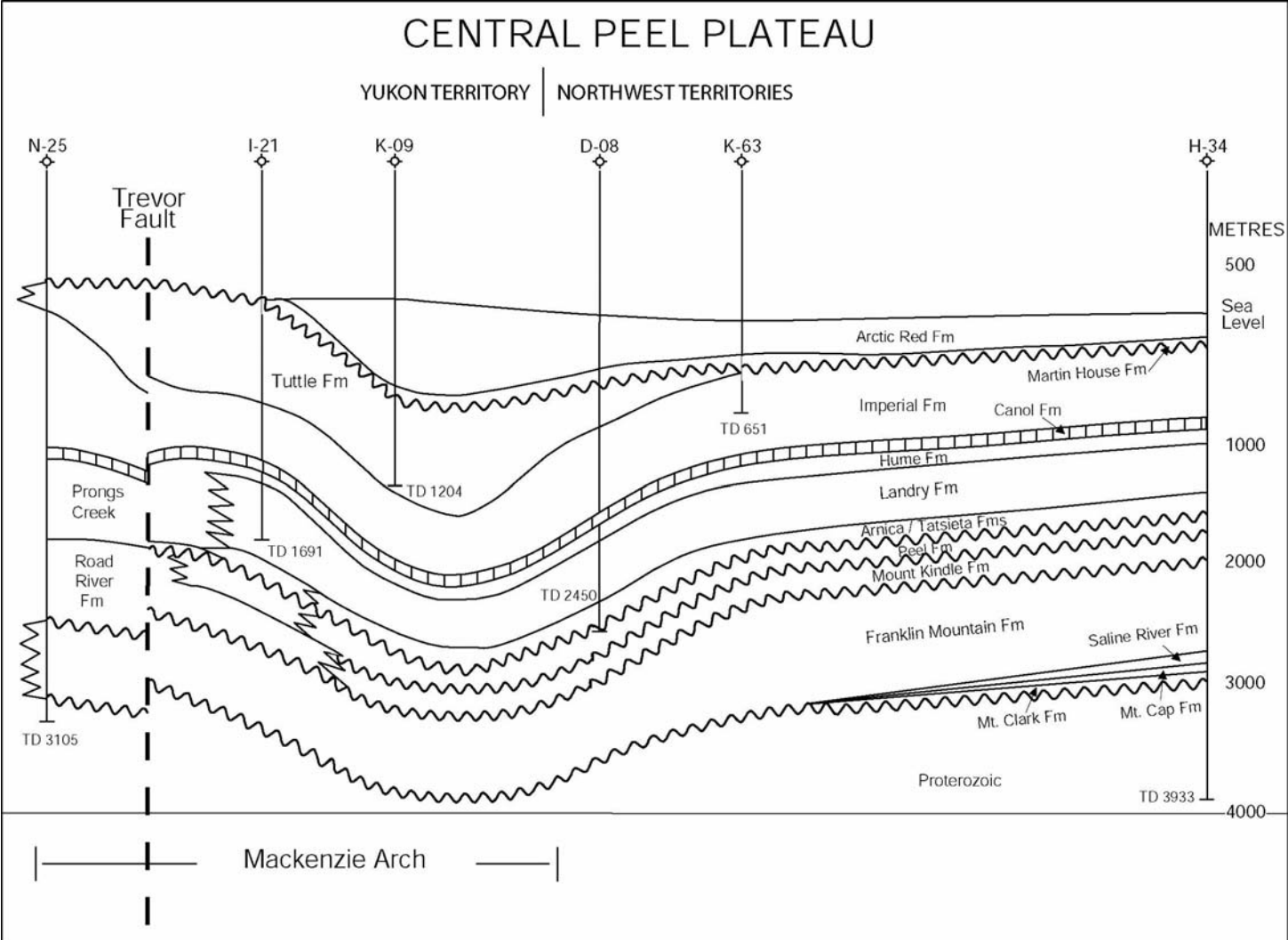
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Energy, Mines and Resources

Figure 2 Stratigraphic Column



Peel Plateau Stratigraphic Column

Figure 3. Diagrammatic cross-section through Peel Plateau (NEB,



Public Review – Disposition #4: Key Issues Summary

Issues	Government Response	Call for Bids Terms and Conditions
1. Environmental Issues		
Land Use Planning issues	<ul style="list-style-type: none"> • Support Peel River Planning Commission • Clarify and coordinate Disposition process and land use planning • Continue strategic planning with northern First Nations concerning oil and gas development 	<ul style="list-style-type: none"> • No action required on the part of industry, therefore no insertion required in the Call for Bids.
Safeguards for environment including Turner Wetlands and caribou habitat	<ul style="list-style-type: none"> • Continued development and implementation of best management practices • Companies conduct environmental and cumulative effect assessments • Separate environmental protection plans for wetland complexes will be required. • Use of mitigative measures such as seasonal restrictions on access 	<p>Operators wishing to carry out activities will be required to comply with all Yukon environmental requirements stemming from the Yukon Environmental Assessment Act (YEAA), the Yukon Environmental and Socio-economic Assessment Act (YESAA) and other applicable legislation. Specifically:</p> <ul style="list-style-type: none"> • Operators will be required to conduct environmental impact assessments, including cumulative effect assessments of proposed oil and gas development. These assessments may result in measures intended to eliminate negative impacts on the habitat of caribou herds, other wildlife, waterfowl, and other birds; protect the integrity of the Peel River watershed, and maintain tourism values and the aesthetic appeal of the landscape. • Mitigative measures, such as seasonal restrictions of activities, to reduce industrial disturbance of fish, wildlife and their habitat; and strict management of drilling fluids and waste are measures that will be applied when necessary.

		<ul style="list-style-type: none"> • Operators may be required to prepare site-specific environmental protection plans for areas of special consideration 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. • Buffers, setbacks, seasonal restrictions of operations along rivers and their view sheds, equipment-free zones, or other mitigative measures identified in consultation between the company and the wilderness tourism industry may be required at the permitting/licensing stage. • Seasonal windows of opportunity will be applied to activities carried out within and in proximity to the Turner Wetlands in order to reduce disturbance during sensitive periods such as waterfowl migration, staging and nesting. • Environmental and cumulative effect assessments of oil and gas development will be required as part of the overall environmental impact assessment under YEAA and eventually YESAA. • Yukon government is currently developing best management practices. In future, best management practices will be used by regulators and industry to reduce the likelihood of negatively impacting sensitive environmental areas.
Research needs	<ul style="list-style-type: none"> • Continue to support applicable research • Encourage industry to partner with government and research institutions to conduct studies initiatives 	<ul style="list-style-type: none"> • No specific term and condition is required for the Call for Bids, however, the Yukon government will encourage industry to collaborate on ecological studies in the Peel River watershed.
2. Socio-Economic Issues		

Potential economic and employment benefits	<ul style="list-style-type: none"> • Ensure applicable benefit agreements with affected Yukon First Nations and communities • Encourage industry to offer employment and economic opportunities to Tetlit Gwich'in Council. 	<ul style="list-style-type: none"> • Operators applying for a license may be required to conclude benefits agreements and shall adhere to the Yukon benefits requirements outlined in an attachment to the Call for Bids. In addition, operators will be required to inform First Nations with traditional territories in license areas of potential employment and business opportunities associated with operations conducted under authority of a proposed license.
Peel river corridor – tourism destination	<ul style="list-style-type: none"> • Consultation with affected wilderness tourism operators • Use of mitigation and best management practices to limit affects of activities • Companies to negotiate compensation with land owners and licensed land user in event of adverse impact of oil and gas activities 	<ul style="list-style-type: none"> • Operators will be required to consult with land owners, occupants of land, and licensed users (i.e. tourism outfitting operators) of the land and others who will or may be adversely affected by operations to be conducted under authority of a proposed license. • Operators will be expected to make every effort to limit the affects of their activities on land owners, occupants of land and other land users through the application of the appropriate mitigative measures and best management practices. • Operators will be expected to provide fair and equitable compensation, consistent with applicable territorial policies and practices, to land owners, occupants of land, licensed users of the land and others in the event of adverse impacts demonstrated to result from project related activities.
Recognize GTC in YOGA and Benefit Agreements for TGC	<ul style="list-style-type: none"> • Recognize rights and obligations of UFA, GTC Land Claim Agreement and YOGA • Encourage companies to offer employment and economic opportunities to the Tetlit Gwich'in Council 	<ul style="list-style-type: none"> • No specific term and condition is required in the Call for Bids to address this issue.

3. Surface Access Issues

Access management	<ul style="list-style-type: none">• Use of mitigative measures, best management practices to reduce potential harmful effects.• Advise companies that access may be subject to FN agreements	<ul style="list-style-type: none">• Operators will be expected to use mitigative measures and best practices when planning access; however access and activities will be restricted to winter months only unless it can be shown that the access/activity can occur without harmful effects to the environment and wetlands in particular.• Access may be subject to First Nation land claims agreements.• Operators planning to construct access roads will be required to obtain appropriate permits and licenses
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Summary of Findings
Step 1: Information Gathering
Yukon Oil and Gas Rights Disposition #4

Oil and Gas Management Branch

March 2004

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Executive Summary

In 2002 the oil and gas rights disposition process was modified to accommodate the request of Land Claim bodies to be provided the opportunity to contribute information in the initial stages of the disposition process. In the previous three disposition processes, this first step consisted of a strictly internal process of identifying ecological and cultural values.

For the first time, other informed sources were invited to contribute information to the disposition process. This report:

- Notes how information gathering was conducted and who participated in the process
- Outlines the methodology for assessing the input received
- Summarizes the input received.

The Key findings of Step 1 are the following:

- Seven Key Issue Areas were identified where there were numerous overlapping values, a high density of interests or a high number of planning processes recommending provisions for protection.
- A Technical Review Committee with expertise in biology, heritage resources, the tourism industry and oil & gas engineering met to determine if mitigative measures could address the concerns in the Key Issue Areas. The consensus of the Technical Committee was that mitigative measures were sufficient for protection for the majority of the identified values. Some committee members continued to have concerns regarding territorially significant wetlands and the Snake River.

As a result, when boundaries for the proposed Call for Nomination were determined, several areas were removed and others were identified as “Areas of Special Consideration”.

The Whitehorse Trough was removed from the disposition process in response to concerns expressed by the Little Salmon Carmacks First Nation regarding their capacity to participate effectively in the process.

Summary of Findings – Step 1: Information Gathering Yukon Oil and Gas Rights Disposition # 4

A. Introduction

In 2002 the oil and gas rights disposition process was modified to accommodate the request of Land Claim bodies to be provided the opportunity to contribute information in the initial stages of the disposition process. In the previous three disposition processes, this first step consisted of a strictly internal process of identifying ecological and cultural values.

For the first time, other informed sources were invited to contribute information to the disposition process. This summary:

- Notes how information gathering was conducted and who participated in the process
- Outlines the methodology for assessing the input received
- Summarizes the input received

B. Timetable and Entities Involved

The Oil and Gas Management Branch initiated Step 1 – Information Gathering, of the disposition process in September, 2002. First Nations, Renewable Resources Councils, Federal Government Departments, Non-Government Organizations and YTG Departments were all invited to participate based on their knowledge of ecological and other significant values.

During September and October meetings were held with YTG Departments, Federal Departments, Renewable Resources Councils, the Fish and Wildlife Management Board, NGOs, Little Salmon Carmacks First Nation, Vuntut Gwitchin First Nation and Tr'ondek Hwech'in First Nation. Due to the territorial election, trips to the communities were put on hold and Step 1 was delayed.

The process reinitiated in January 2003 with meetings between the Minister of Energy, Mines and Resources (EMR) and each of the affected First Nations (Little Salmon Carmacks, Vuntut Gwitchin, Tr'ondek Hwech'in, Nacho Nyak Dun, Champagne and Aishihik, Selkirk and the Gwich'in Tribal Council). Step 1 concluded February 28th, the deadline for submitting information.

C. Input Received

Although the majority of the information was provided by YTG departments, the information gathering process was very successful in engaging a diversity of people in the early stage of the disposition process (see Appendix 1). All participants in the

process were pleased to have the opportunity to participate and comment during Step 1.

Many First Nations have a considerable amount of information that has never been digitized. As this information becomes available in digital format, it will be added to future disposition processes.

The information that was received was compiled into a single Geographic Information System (G.I.S.) file (see Significant Values map). The file included the point/line/polygon location and values including name of source, source category, date provided, time of year with which value is associated, related publications, and other related fields. The G.I.S. database will be maintained for future disposition processes.

D. Methodology for Screening Information

The methodology for screening information received during the information gathering stage is described in Appendix 2. The screening process resulted in the recommendations for the Call for Nomination boundaries and a full list of potential mitigative measures which would address the values and concerns identified. The following six steps were involved in the process:

1. Each value submitted to the Oil and Gas Management Branch was analysed separately to determine what kind of mitigative measures could be recommended to address the concerns surrounding the values identified.
2. Five maps outlining the values using overlaid polygons were produced.
3. The maps were reviewed and “key issue areas” were identified.
4. Maps of Key Issue Areas were developed depicting polygons themed by the season of use. They include a unique identifier, which can be cross-referenced to a print-out detailing notes for each polygon.
5. A Technical Review Committee was established to review the Key Issue Areas map.
6. Technical Review Committee recommendations were submitted to the Oil and Gas Management Branch. The Branch, together with the Department of Environment, reviewed the Technical Committee recommendations, resource assessment information, government interests and recommendations (tourism, heritage and environment) and economic values in the region.
7. The Oil and Gas Management Branch submitted a summary of the findings of Step 1: Information Gathering and recommendations for the Call for Nomination boundaries to the Minister of Energy, Mines and Resources.

8. The Minister reviewed the information and the proposed boundaries, and decided to proceed with Step 2 – Government to Government Consultation.

E. Mitigative Measures

Mitigative measures are actions which can be taken by industry to minimize or eliminate the impact that its activities will have on ecological and cultural values. Through this year's disposition process, options for mitigative measures were identified for each ecological, cultural, tourism or other value.

A table of mitigative measures was developed drawing from practices in other jurisdictions, known best practices followed by industry, Canadian guidelines, and reports with recommendations for minimizing impacts (The table "Significant Values and Mitigative Measures Options" is posted on the website www.yukonoilandgas.com as a separate file). The list of options will be used to guide the licensing of activities.

The adoption of mitigative measures can be complicated since a recommendation for one wildlife species may not necessarily work for other wildlife species. As a result, the table of mitigative measures has been screened by the appropriate wildlife biologists for their input. Generally speaking, there are six general categories to which the listed mitigative measures apply:

1. Complete avoidance of site/area (archeological sites, heritage sites, raptor nests, sheep lambing habitat, wetland habitat, etc...)
2. Seasonal avoidance of an area (sheep rutting, moose rutting, tourism corridors, migration corridors, etc...)
3. Minimization of impact (use of low-impact seismic technology, meandering seismic lines, heliportable drill access, noise reduction, etc...)
4. Prohibition of activities (No hunting or fishing by company personnel, no use of access routes by public, etc...)
5. Monitoring for Wildlife/Habitat (Company staff or specially hired environmental or wildlife monitors hired to watch for the presence of wildlife species and sensitive habitat)
6. Advanced studies/consultation (Studies to identify wildlife habitat, wetlands, etc...)

F. Key Issue Areas Reviewed

The Technical Committee reviewed seven areas that were identified through the analysis of submitted information (See Appendix 3: Map of Key Issue Areas). All of

these areas are located in the North Yukon. Information provided for the Whitehorse Trough did not identify any areas meeting the criteria for a Key Issue Area.

The following information on each Key Issue Area is the result of Technical Committee discussions related to the values in each area.

Area 1 - The Dempster Highway/Ogilvie River

This area was found to have several overlapping values including tourism, caribou wintering range, sheep migratory corridor, riparian corridor, moose habitat, grizzly habitat and general year-round sheep habitat. In the technical review of this area and each of these values, there was consensus that the mitigative measures identified would address the concerns associated with these values. This area has not been included in the Call for Nominations.

Area 2 - The Whitefish Wetlands

These wetlands have been described as wetlands of territorial significance and have been identified through a series of past planning processes as recommended for protection. The majority of these wetlands will not be included in the Call for Nominations as they are Category A lands belonging to the Vuntut Gwitchin First Nation. Members of the Technical Committee were concerned that mitigative measures identified may not address all the concerns associated with impacts of development. This area has not been included in the Call for Nominations.

Area 3 - The Richardson Mountains

This area is key habitat for sheep lambing, sheep wintering, raptor nesting and caribou wintering. Both caribou and sheep are dependent on the south facing slopes of these mountains during the winter months. During high snow fall years, sheep and caribou rely on these areas which do not get a high snow build up. For the most part, the mitigative measures that were identified address the concerns of the values in this area. In particular, the avoidance by industry of key habitat was seen as important. The importance of the habitat in the Richardson Mountains to wildlife species was emphasized. This area has not been included in the Call for Nominations.

Area 4 - The Turner Lake Wetlands

These wetlands have been described as wetlands of territorial significance and have been identified through a series of past planning processes as an option for protection. Some members of the Technical Committee were not convinced that the mitigative measures identified would address all the concerns associated with impacts of development on wetland habitat and the diversity of species reliant on wetlands. This concern was heightened due to the fact that rights have already been issued in the area. Parts of this area have been removed from the Call for

Nominations and the remaining parts have been identified as an “Area of Special Consideration”.

Area 5 - The Snake River

This area resulted in the highest density of identified ecological and cultural values. It is considered by the wilderness tourism industry to have the highest value and is also habitat to moose, raptors, sheep and caribou. It also includes wetland habitat. The Technical Committee was satisfied with the mitigative measures identified for each individual value. However, the Committee believes that the mitigative measures would not address the overall value of the area, the level of importance that the area had for tourism or the overlap of values. This area has not been included in the Call for Nominations.

Area 6 - The Bonnet Plume River

This river has been identified as a Canadian Heritage River based on its cultural and ecological values. The area includes habitat for raptors, sheep, wintering caribou and is also an important wilderness tourism corridor. For the most part, it was felt that mitigative measures would address the concerns related to the ecological and cultural values in the area. This area has not been included in the Call for Nominations.

Area 7- The Tabor Lakes Wetlands

These wetlands have been identified as wetlands of territorial significance and have also been identified through a series of past planning processes as an option for protection. Concerns similar to those mentioned under the Turner Lakes Wetlands were expressed. This area has been identified in the Call for Nominations as an “Area of Special Consideration”.

G. Decisions Respecting Call for Nominations Boundaries

Based on the information gathered, the review by the Technical Committee, information on oil and gas potential and past government decisions regarding economic development in North Yukon and the Whitehorse Trough, the Oil and Gas Management Branch made recommendations to the Minister of Energy, Mines and Resources.

The Minister discussed the options with First Nations during the Government to Government Consultations which were completed in February 2004. The boundaries for the Call for Nominations announced by the Yukon government on March 8, 2004 reflect the information collected during Step 1 and the concerns and issues raised during consultations with First Nations.

This designation of “Area of Special Consideration” is intended to alert potential nominators that these areas may be subject to additional regulatory terms and conditions. In these areas, prior to the commencement of activity, the proponent may be required to draw up site specific environmental protection plans. 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.

Appendix 1: List of Organizations Submitting Input

Information Source	Type of Information
1) YTG Department of Environment	Key habitat areas Wetlands of significance Past YPAS information Mineral licks
2) YTG Heritage	Cultural sites Archeological sites
3) YTG Tourism	Wilderness tourism Outfitting info
4) Department of Fisheries and Oceans Canada	Recommended approach with mitigative measures
5) Environment Canada	Caribou Migratory birds Wetlands
6) First Nations	All effected First Nations reviewed the data and many were able to validate the data. Several had un-digitized data that will be incorporated in the future.
7) Renewable Resources Councils	Some Renewable Resources Councils were able to provide local knowledge with respect to ecological values.
8) CPAWS	Canadian Heritage River System CWS Arctic Ecology Map Series CPAWS document on Snake, Wind, Bonnet Plume CPAWS document on Eagle Plains Gwichin interim Land Use Plan Mackenzie Delta – Beaufort Sea Regional Land Use Plan Peel River Watershed Advisory Committee recommendations
9) Caribou Commons	Wilderness Tourism Wildlife values
10) Ducks Unlimited	Waterfowl Wetlands
11) Porcupine Caribou Management Board	No information submitted this year
12) Wilderness Tourism Association of the Yukon	Wilderness Tourism Corridors Lakes used for tourism Recommendations for mitigative measures
13) Yukon Conservation Society	No information submitted this year
14) Yukon Fish and Game Association	No information submitted this year
15) Yukon Trapper's Association	No information submitted this year
16) Yukon Outfitter's Association	No information submitted this year
17) Yukon Salmon Committee	No information submitted this year

Appendix 2: Screening Information Gathering Results

Step 1 – Information Gathering of the Oil and Gas Rights Disposition Process results in data gathered from various sources in order to identify areas of high importance or concern.

The data includes all information gathered during past disposition processes and the Information Gathering Step of the present disposition process. This information is compiled and analyzed to insure that mitigative measures are capable of addressing the potential impacts of oil and gas development.

Information includes:

- Wildlife Key Habitat (Environment Department)
- Wildlife Observations (Outfitters, Caribou Commons and other stakeholders)
- Heritage Data (YTG Heritage)
- Riparian Corridors (Applied Ecosystems Management)
- Tourism Activities (YTG Tourism, Wilderness Tourism Association)
- Wetlands (Ducks Unlimited, Environment Canada and YTG Environment)
- Landscape Features (various stakeholders) – caves, canyons, etc.
- Other features identified through community and First Nation consultation.

The following outlines the methodology for screening the results gathering

STEP 1:

Each value submitted to the Oil and Gas Management Branch is analyzed separately to determine what kind of mitigative measures can be recommended to address the concerns surrounding the values identified.

STEP 2:

Maps (available at the Oil and Gas Management Branch for viewing) are produced at 1:250,000 for Peel Plateau, Eagle Plains and North Whitehorse Trough. For each region, a series of five maps are produced:

Map 1: All polygons and points overlaid and themed by season and by type:

- Wildlife
- Cultural
- Landscape
- Tourism/Recreation

Map 2: All polygons overlaid and assigned an un-weighted value based upon the density of polygons at any one location.

Map 3: All Polygons colour-coded according to whether the information source is scientific, traditional knowledge or from an advocacy group.

Map 4: Polygons including the following values: mineral licks; significant wetlands, riparian corridors, and low snow fall areas used by caribou during high snow fall years.

Map 5: Polygons representing areas identified for protection or special management through previous planning processes, overlaid and assigned an unweighted value based upon the density of polygons at any one location.

STEP 3:

The maps are reviewed. “Key Issue Areas” are identified based upon the following criteria:

Map 1: An area is shown as having multiple significant values throughout all 4 seasons.

Map 2: An area is shown to have a significant number (4) of overlapping polygons.

Map 3: Values in an area that have been identified by both the scientific community and local experts or local advocates.

Map 4: An area has one of the following features: Caribou wintering grounds, riparian corridor, territorially significant wetlands, mineral lick

Map 5: Through a number (at least 3) of different planning processes and initiatives, an area has been recommended for protection or for special management.

STEP 4:

Maps of Key Issue Areas is developed depicting polygons themed by the season of use including a unique identifier, which can be cross-referenced to a print-out detailing notes for each polygon.

STEP 5:

A Technical Review Committee is established to review the Key Issue map. The committee is composed of representatives from the Departments of Environment, Tourism, Heritage, the Canadian Wildlife Service and the Oil and Gas Management Branch, depending on the values represented in the Key Issue Areas. The Branch notifies the respective Departments who each appoint someone to the committee.

The committee reviews the Key Issue Areas and attempts to reach consensus regarding recommendations for each Key Issue Area. Recommendations are submitted to the Oil and Gas Management Branch.

The recommendation options for each Key Issue Area are

- A statement that no special mitigative measures necessary
- A description of recommended mitigative measures

- A statement that mitigative measures will not address concerns

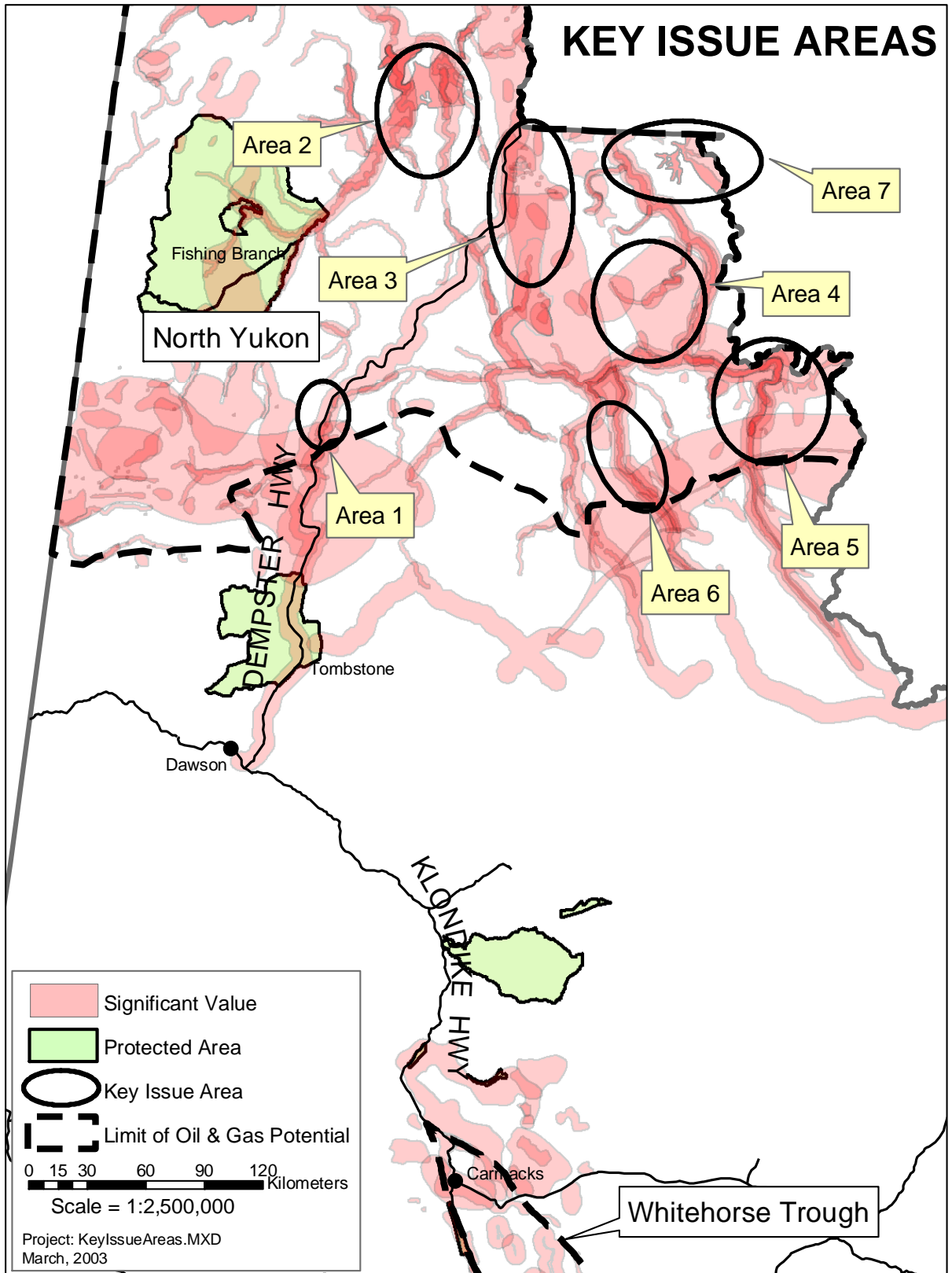
STEP 6:

The recommendations of the Technical Review Committee are submitted to the Oil & Gas Management Branch for consideration. The Branch reviews the Technical Committee recommendations together with resource assessment information, government interests and recommendations (tourism, heritage and environment) and economic values in the region. The Department of the Environment is involved with the review. The result of this review is a set of recommendations for Call for Nomination boundaries and a full list of potential mitigative measures, which addresses the values and concerns identified.

STEP 7:

A recommendation is submitted to the Minister on whether and how to proceed with the Call for Nominations. The Minister reviews all submitted information and makes a decision respecting whether and how to proceed with the Call for Nominations.

Appendix 3: Map of Key Issue Areas



**Government of Yukon
Call for Bids # 4
Peel Plateau**

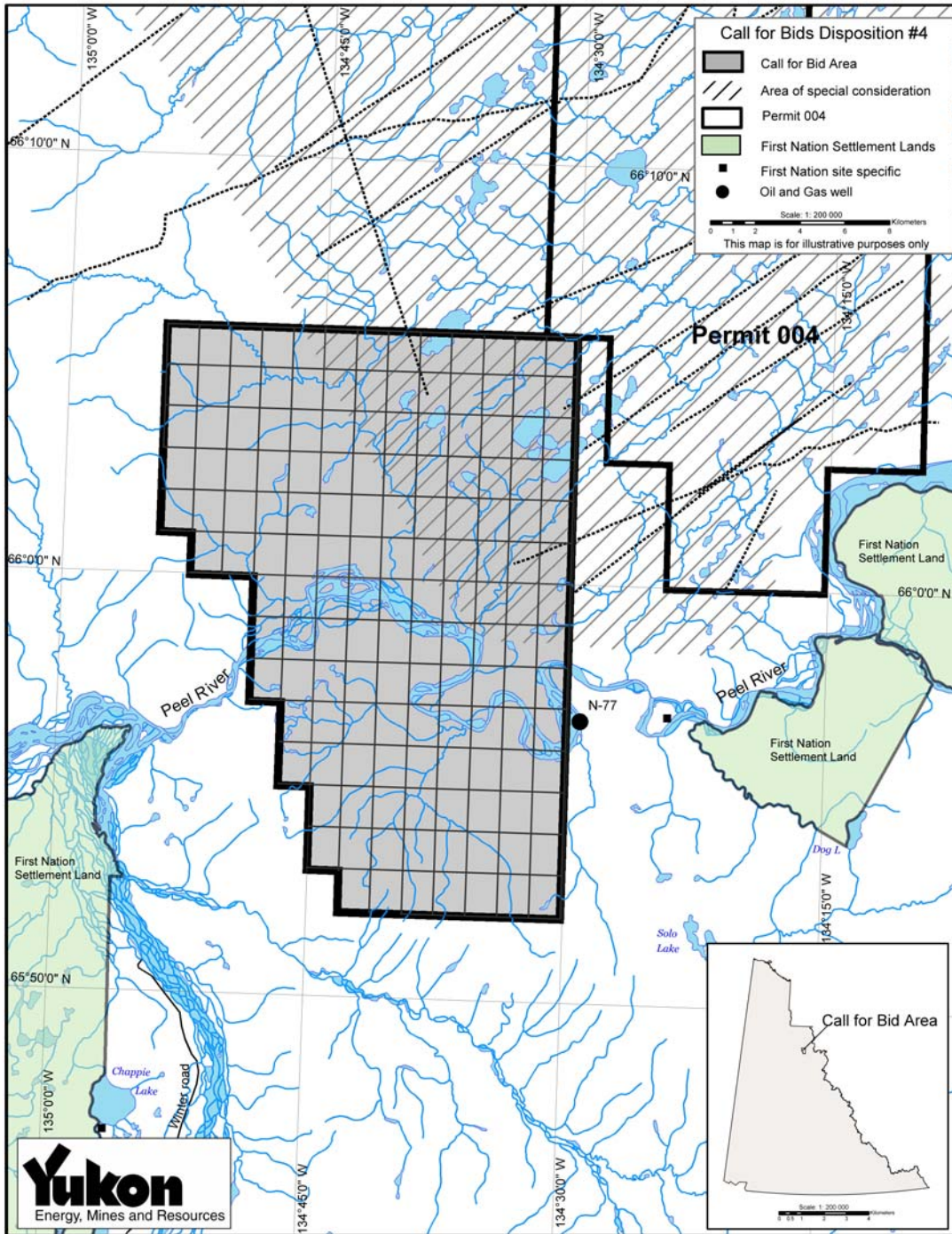
Closing at 4:00 p.m. Pacific Daylight Time, October 20, 2004

The Yukon Minister of Energy, Mines and Resources (Minister) hereby makes a call for the submission of bids for the sale of an oil and gas permit granting oil and gas rights in respect of the following lands located in the Peel Plateau:

Parcel Peel - 1 (148 sections, approximately 39,770 hectares)

GRID AREA	SECTIONS
66° 00' - 134° 30'	3-10, 13-20, 23-30, 33-40, 43-50, 53-60, 63-70, 74-80
66° 00' - 134° 45'	6-10, 18-20
66° 10' - 134° 30'	1-6, 11-16, 21-26, 31-36, 41-46, 51-56 ,61-66, 71- 76
66° 10' - 134° 45'	1-6, 11-16, 21-26, 31-36, 42-46

Map of Parcel Peel - 1



Call for Bids # 4

Peel Plateau

Parcel Peel - 1

1. Call for Bids

This Call for Bids (the “Call”) is made pursuant to and subject to the Yukon’s *Oil and Gas Act* and the *Oil and Gas Disposition Regulations* as amended from time to time.

The permit will grant rights only to oil and gas under the administration and control of the Yukon Government, and will respect the rights of First Nations under land claims final agreements.

If there is a conflict or inconsistency between the provisions of this Call and the provisions of the *Oil and Gas Act*, the *Oil and Gas Disposition Regulations* or the permit, the provisions of the *Act*, the *Regulations* or the permit prevail.

Any submission of a bid in response to this Call shall be made with the understanding that the person(s) submitting the bid accepts and agrees to the terms and conditions in this Call. Any bid submitted that does not conform to the terms and conditions provided in this Call 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 **4:00 P.M., Pacific Daylight Time, on Wednesday, October 20, 2004**:

Director, Oil and Gas Management Branch
Yukon Department of Energy, Mines and Resources
#300, 211 Main Street
Whitehorse, Yukon
Y1A 2B1

Each bid submitted in response to this Call must be enclosed in double sealed envelopes bearing no corporate identification. The outer envelope should be clearly marked as follows: “Yukon 2004 Peel Plateau Call for Bids #4”. The inner envelope should be clearly marked as follows: “Yukon 2004 Peel Plateau Call for Bids #4: Peel Parcel – 1”. The inner envelop must contain:

- The completed Bid Submission Form (“Call for Bids - Attachment 1”)
- A separate financial instrument in respect of the Work Deposit (clause 9, below) and
- The issuance fee (clause 6, below).

3. Bid Selection Criterion - *Oil and Gas Disposition Regulations, sections 9 (f) and (g)*

The successful bid will be selected on the basis of a single criterion, namely, the total amount of expenditures that the bidder proposes to make with respect to exploration for oil and gas in the parcel during the initial term of the permit or any extension of the initial term (the “Work Proposal Bid”).

4. Acceptance/Rejection of Bids – *Oil and Gas Act, section 1*

The Minister is not bound to select any bid submitted. Bids will be accepted only in relation to the entire parcel. Bidding results will be made available as soon as possible following the closing of the call.

5. Minimum Bid

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

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

An issuance fee of \$500 (clause 2, above) must be submitted with the bid by separate cheque made payable to the Yukon Government.

7. Term – *Oil and Gas Act, sections 31, 34 and 35*

Subject to the *Oil and Gas Act*, the initial term of the permit will be six (6) years with a right of renewal and, if the permit is renewed, the renewal term will be four (4) years. Section 35 of the Act provides for extensions of the initial term and the renewal term by reason of drilling.

8. 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 an initial term is extended by reason of drilling, 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 – *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.

Form of Payment

The Work Deposit must be submitted in the form of an irrevocable letter of credit, a bank draft, money order or certified cheque made payable to the Yukon Government, or any other negotiable financial instrument approved in advance by the Minister. Failure to receive pre-approval may result in disqualification of the bid. Non-certified company cheques are not considered negotiable financial instruments for this purpose.

The bank draft, money order or certified cheque of the successful bidder will be deposited while those of unsuccessful bidders will be returned. The Work Deposit of the successful bidder may be replaced by an irrevocable letter of credit, promissory note accompanied by a bank letter of guarantee, or other negotiable financial instrument satisfactory to the Minister.

Refunding of Work Deposit

As expenditures are incurred during the initial term of the permit, the Work Deposit is refundable on an actual cost basis; see the Schedule of Allowable Expenditures (Attachment 2). Since the Work Deposit represents 25% of the total amount bid for the 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 is subject to forfeiture. Expenditures incurred in the second term of a permit will not be credited against the Work Deposit.

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

Only those expenditures approved by the Minister in accordance with the Schedule of Allowable Expenditures (Attachment 2) will be considered as allowable expenditures for the purposes of calculating the amount of a refund of the Work Deposit. The Minister will publish supplementary guidelines respecting the calculation of costs referred to in the Schedule of Allowable Expenditures.

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

Rentals will be provided for in the permit. The following is a summary of those provisions:

- 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 Yukon Government, or any other negotiable financial instrument in a form satisfactory to the Minister.
- When the permit continues in force beyond the second term due to the drilling of a well, rentals will be payable at the rate applicable during the second term. Such rentals will be payable monthly, in advance, at the rate of one twelfth (1/12) of the annual rate.
- Failure to pay rentals will result in the cancellation of the permit.

11. Related Requirements

Oil and gas exploration rights will be subject to Yukon oil and gas policy and regulatory requirements noted in this section and applicable laws of general application. In addition, bidders are advised that surface access and activities will be subject to Yukon land use planning policies.

Before conducting any activity (seismic, drilling of a well, etc.), operators must obtain the required licence pursuant to the *Oil and Gas Act* and its regulations.

The Yukon Government is committed to administrative simplicity and efficiency and will, to the greatest extent possible, adhere to a streamlined one window licensing process and coordinate the review of oil and gas applications and submissions through one entity.

11.1 Requirements Relating to the Environment

Operators wishing to carry out activities will be required to comply with all Yukon environmental requirements stemming from the *Environmental Assessment Act* (the “EAA”), the *Yukon Environmental and Socio-economic Assessment Act* (Canada) (the “YESAA”) and other applicable legislation.

Operators will be required to conduct environmental impact assessments, including cumulative effect assessments of proposed oil and gas development. These assessments are intended to eliminate negative impacts on the habitat of caribou herds, other wildlife, waterfowl, and other birds; protect the integrity of the Peel River watershed, and maintain tourism values and the aesthetic appeal of the landscape.

Mitigative measures, such as seasonal restrictions of activities to reduce industrial disturbance of fish, wildlife and their habitat, and strict management of drilling fluids and waste are measures that will be applied when necessary.

Operators will be required to prepare site-specific environmental protection plans for areas of special consideration prior to the commencement of activity. These plans would describe the necessary procedures the operator would take to minimize any environmental impacts to the wetland complex, sensitive fish and mammal habitats, birds or other species in the region.

Buffers, setbacks, seasonal restrictions of operations along rivers to safeguard views, equipment-free zones, and other mitigative measures may be required at the permitting/licensing stage.

11.2 Waterfowl and Wetlands

Operators will be expected to apply best management practices and mitigative measures such as utilizing seasonal windows for activities carried out within and in proximity to the Turner Wetlands in order to reduce disturbance waterfowl migration, staging and nesting periods and the ecology of the wetland complex.

11.3 Environmental and Cumulative Effect Assessments

Environmental and cumulative effect assessments of oil and gas development will be required as part of the overall environmental impact assessment under the *EAA* and eventually the *YESAA*.

11.4 Best Management Practices

Prospective bidders are advised that the Yukon government is currently developing best management practices in conjunction with the industry, First Nations and other interested parties for oil and gas activity. In future, best management practices will be used by regulators and industry to reduce the likelihood of negative impacts on sensitive environmental area.

11.5 Yukon Benefits Requirements

Operators applying for a licence may be required to conclude benefits agreements and shall adhere to the Yukon benefits requirements as prescribed in the *Oil and Gas Act* and outlined in Attachment 3. In addition, operators will be required to inform First Nations with traditional territories in the license area of potential employment and business opportunities associated with operations conducted under authority of a proposed license.

11.6 Heritage, Cultural, Archeological Requirements

Operators are advised that activity may be prohibited on identified cultural, historic, archeological, and burial sites. Operators applying for a licence will be required to conduct a heritage resource impact assessment to determine the location of heritage, cultural and archeological resources and possible impacts the proposed activity may have on them. A plan in accordance with Yukon Heritage Branch's Geoscience Exploration Guidelines for Management and Protection of Historic Resources to mitigate such impacts will be required.

11.7 Socio-Economic Impact, Notification, and Compensation

Operators will be required to assess the socio-economic impact of the proposed activity.

Operators will be required to consult with land owners, occupants of land, and licensed users (i.e. tourism outfitting operators) of the land and others who will or may be adversely affected by operations to be conducted under authority of a proposed license.

Operators will be expected to make every effort to limit the effects of their activities on land owners, occupants of land and other land users through the application of the appropriate mitigative measures and best management practices.

Operators will be expected to provide fair and equitable compensation, consistent with applicable territorial policies and practices, to land owners, occupants of land, licensed users of the land and others in the event of adverse impacts demonstrated to result from project related activities.

11.8 Road and Surface Access

Operators will be expected to use mitigative measures and best practices when planning access.

Access and activities will be restricted to winter months unless it can be shown that the access/activity can occur without harmful effects to the environment and wetlands in particular.

Access may be subject to First Nation land claims final agreements.

Operators planning to construct access roads will be required to obtain appropriate permits and licenses.

12. Permit

Any permit which may result from this Call will be issued pursuant to the *Oil and Gas Act* and the *Oil and Gas Disposition Regulations* as amended from time to time.

Attachment 2
Call for Bids # 4 Peel Plateau
Parcel Peel – 1
Schedule of Allowable Expenditures

This Schedule describes the kinds of work and purchases the cost of which may be approved as allowable expenditures for the purposes of calculating the refunding or partial refunding of the Work Deposit furnished in respect of the permit. Allowable expenditures may be claimed at cost.

See also the supplemental guidelines published by the Minister, respecting the calculation of costs under this Schedule.

Data acquisition by means of reflection seismic surveys or other geophysical, geo-technical or geological surveys, including costs relating to field acquisition and processing, inspection and clean-up.

Data purchase from vendors at arm's length for re-processing and/or interpretation to the extent that the data assist the evaluation of the location of the permit.

Drilling operations relating to construction of access routes, preparation of drilling sites, transportation to and from well location and staging areas, onsite drilling and evaluation, helicopters, site clean-up and restoration. Drilling operations involved in an exploratory or delineation well may entail logging, well testing and completion. Extended formation flow testing will not be approved as an allowable expenditure.

Mobilization and demobilization of equipment and supplies, and any incurred stand-by charges considered reasonable by the Minister.

Notwithstanding the above, the Minister may approve costs claimed with respect to classes of work or activity not contemplated by this Schedule.

General and Administrative: Ten percent (10 %) of the allowable expenditures to reflect other costs not specifically itemized above, and including program specific consultation, data interpretation, regional office support, management and pre- and post-program costs.

Attachment 3

Call for Bids # 4 Peel Plateau Parcel Peel – 1

Yukon Benefits Requirements

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

Benefits, Employment and Training

Section 68 of the *Oil and Gas Act* states that no oil and gas activity shall be carried out under the authority of a licence unless there is benefits agreement in effect. 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, if the activity is to be carried out exclusively on Yukon oil and gas lands other than Category B Settlement Land, a benefits agreement executed by the licensee and the Minister will be deemed to be a benefits agreement if there has been full and fair consideration of the views presented by First Nations.
- The agreement is to contain undertakings by the licensee to provide to the First Nation and its citizens, local community residents, and other Yukoners affected by the activity, 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 two or more licenses.
- The requirement for an agreement may be waived under some circumstances.

Arbitration

If the activity is to be carried out exclusively on Category B Settlement Land and the parties are unable to agree on the contents of a benefits agreement, any party may submit the matter to arbitration and the arbitrator's award will be deemed to be a benefits agreement.

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 benefits requirements.