2008 Request for Postings

Report to the Minister

Public, Governmental and First Nation Review of Oil and Gas Requests for Postings in the Peel Plateau-Plain Basin

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Executive Summary

Twice each year the Government of Yukon offers industry an opportunity to express an interest in obtaining oil and gas rights through a Requests for Postings (RFP). The RFPs are the first step in the disposition of oil and gas rights. The first RFP of 2008 closed on January 16, 2008 with two locations identified in the Peel Plateau-Plain oil and gas basin. The review of the requested locations concluded on March 28, 2008. This report considers input from First Nations, government agencies, boards and the public, and makes recommendations on whether or not to proceed with a Call for Bids (CFB) and how concerns and issues may be addressed in that CFB. The CFB is the next step in the allocation of exploration rights for oil and gas in Yukon.

In addition to the comments submitted by respondents for the Spring 2008 RFP Review, many respondents also referred to comments they had made in previous disposition processes. They said that their earlier correspondence was still relevant for the Peel Plateau-Plain oil and gas basin and continued to highlight their specific concerns about potential oil and gas activity in this area of Yukon. The key issues raised were:

- Completion of the Peel Watershed regional land use plan prior to the allocation of any resource development rights in the Peel Watershed,
- The importance of the Peel Plateau as winter range for the Porcupine Caribou Herd,
- The ecological significance of the Turner Lake wetland complex,
- The value of the Peel, Trail, and Caribou Rivers as fish habitat,
- Documented peregrine falcon, bald eagle and osprey nesting sites along the Peel and Caribou Rivers,
- The significant recreational features along the Peel River, and its importance to the wilderness travel groups operating in the Peel Watershed, and
- The need for a plan to manage access into the Peel Plateau-Plain basin.

The identified issues have been reviewed by the Oil and Gas Resources Division Head. The Division Head concluded that the environmental, socio-economic and surface access issues raised during the Spring 2008 RFP Review can be adequately addressed through RFP boundary adjustments, and the use of mitigative measures, best management practices (BMPs), and the existing regulatory regime. The Division Head recommends that portions of RFP locations 2008S001 and 002, which overlap the Turner wetland complex, be excluded, from the Spring 2008 CFB, and that the remaining portions of those Locations be included in the CFB.
Report to the Minister: Spring 2008 Request for Postings

Introduction

Pursuant to Yukon's *Oil and Gas Act* and the *Oil and Gas Disposition Regulations*, rights to oil and gas are granted by the Minister through a competitive disposition process. The disposition process includes a Request for Posting (RFP), an RFP review, a Call for Bids (CFB) and finally the issuance of an Oil and Gas Permit. The RFP provides an opportunity for industry representatives to express an interest in locations where they wish to obtain oil and gas rights. The RFP review is an opportunity for the public, First Nations, and government agencies to identify environmental, socio-economic, and surface access concerns related to the requested locations. The Division Head is required, as per section 8 of the *Oil and Gas Disposition Regulations*, to report these concerns and make a recommendation to the Minister on whether or not to proceed with a CFB. During the CFB companies are invited to submit bids on posted locations. An Oil and Gas Permit is issued to the successful bidder for an initial term of six years.

In the two disposition processes held in 2007, twenty-eight RFPs were received from industry for the Eagle Plain and Peel Plateau and Plain sedimentary basins. Following the RFP Reviews a total of nineteen locations were made available in the two 2007 Call for Bids (CFB) and fourteen Oil and Gas Permits were issued. Work bids for these exceeded $22,000,000.

The first disposition process of 2008 closed on January 16, 2008. Industry’s request for two locations in the Peel Plateau-Plain was immediately communicated to First Nations and government departments; they are shown on the following map. Numerous public notices were placed in local newspapers in February and March 2008 in order to inform Yukoners of the RFP Review and how they may respond. The Oil and Gas Resources (OGR) web page was updated with information and maps about the requested locations. The review of the requested postings concluded on March 28, 2008.

This report contains three main sections. Section A outlines the public outreach involved in the RFP Review process. Section B summarizes the issues raised and the Government of Yukon’s responses. Section C provides recommendations to the Minister from the Division Head, Oil and Gas Resources.
Spring 2008 Oil and Gas Request for Postings

Report for Postings: submissions are a result of an invitation from the Minister of Energy, Stores and Resources of Yukon for expressions of interest for the identification of locations for Oil and Gas Permits.

For an explanation of the Yukon Oil and Gas Land Division System, refer to the Yukon Oil and Gas Dispossession Regulations section 2 to 7. The Oil and Gas Land Division System Plan is available at http://www.ener.gov.yk.ca/energy/gas/latsystem.html

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A. Participation in the Review of the Request for Postings

The RFP Review package, including detailed maps, was posted on the Oil and Gas Resources (OGR) web page (www.yukonoilandgas.com).

First Nations and government agencies and were contacted to inquire if face-to-face meetings or additional information was required to facilitate their participation in the RFP Review. In several cases, organizations or respondents referred to information or correspondence they had submitted in previous disposition processes.

In order to facilitate dialogue, OGR staff made numerous telephone calls, provided additional information to First Nation government staff, and encouraged comment. The information provided by OGR included digital and paper copies of colour maps, relevant reports, past correspondence, digital data, details about the Requests for Postings and the next steps in the disposition process.

Meetings were held with various governments, groups and organizations as follows:

1. January 28, 2008 with staff from the Peel Watershed Planning Commission (PWPC),
2. February 19, 2008 in Fort McPherson with the Tetlit Gwich’in Council (TGC), NWT,
3. February 20, 2008 in Inuvik with representatives of the Gwich’in Renewable Resource Councils,
4. February 21, 2008 in Mayo with Nacho Nyak Dun (NND) Chief and Council and Lands Department,
5. February 29, 2008 in Dawson with Tr’ondëk Hwïchen (TH) Chief and Council, and

At the close of the review period, written responses were received from the PWPC, Yukon Conservation Society, Canadian Parks and Wilderness Society, the Porcupine Caribou Management Board and several government departments. Comments and concerns were also received at the public meeting held in Fort McPherson in February 2008. The NND Lands Department requested we use comments they had submitted in 2007 and TGC/GTC confirmed that the comments from the February 19th meeting in Fort McPherson represented their concerns. The meetings held with the Gwich’in Renewable Resource Council members, NND and TH were information sessions about, not only the Spring 2008 RFP Review, but also the developing Yukon oil and gas industry. Comments, recommendations, and concerns from First Nations, government agencies, boards, councils and meetings were recorded and analyzed in the preparation of this report.

It is important to note that the RFP is the first step in issuing rights for oil and gas exploration on Yukon lands and that further consultation with First Nations will take place prior to the licensing of oil and gas activities. There will also be many other opportunities for First Nations, government departments and agencies, and the public to comment prior to any oil and gas activity taking place.
B. Assessment of Concerns and Government Response

The following section provides a synopsis of the comments concerning the RFP locations requested by industry in the Peel Plateau-Plain oil and gas basin. The comments were submitted during the current review. In most cases reviewers asked that their comments on previous RFPs in the Peel Plateau-Plain be used in this review process. The government’s response follows the description of each issue. Where appropriate, suggestions and recommendations are proposed for how the respondents’ interests are addressed in the CFB.

1.0 ENVIRONMENTAL CONCERNS

1.1 Land Use Planning

What We Heard: A frequently raised issue is; why is government making resource management decisions prior to the completion of the Peel Watershed regional land use plan? The concern is based on the desire for the development and adoption of management direction for all regional values prior to major land use decisions being made in the Peel watershed.

Government Response: The Government of Yukon continues to support and participate in the regional land use planning process. At this time the Peel Watershed Planning Commission (PWPC) is mid-way through the land use planning process. The Government of Yukon appreciates that PWPC was able to provide preliminary results of analysis respecting fish, wildlife and conservation values for the areas covered by the RFPs. The PWPC has advised it is premature to determine recommended zoning. They identified preliminary key ecological and wilderness tourism values overlain by the two RFPs, which include portions of the Trail, Caribou, and Peel River and the Turner Wetland complex. Every effort will be made to consider the Commission’s information and data when making decisions about oil and gas dispositions.

The Government of Yukon believes that the regulatory approvals and environmental assessment of oil and gas exploration and development will provide for fair and responsible consideration of multiple land use concerns and interests. Chapter 11 of the First Nations Final Agreements does not restrict government’s ability to grant an interest or authorize the use of land, water, or other resources before regional land use plans are approved. Rather, the Final Agreements provide for linkages between regional land use planning and “all other land and water planning and management processes” (11.2.1.2).

The issuance of oil and gas rights in the Peel River watershed will not preclude the consideration of other values and interests which would normally be taken into account in a broader land use planning process. Furthermore the disposition process will contribute to the land use planning process by improving our knowledge of petroleum resource in the planning region.
In the absence of a completed land use plan, public and First Nation consultations on oil and gas development in this region will still occur in accordance with the *Oil and Gas Act* and regulations to ensure that land use concerns are considered.

**Departmental Recommendations:** The Government of Yukon will continue to participate in and support regional planning, as well as monitor draft planning documents to ensure existing and future activities consider draft recommendations until a plan is approved for the region. Based on the information provided by PWPC, First Nations and Yukon Departments, it is recommended that the boundaries of the submitted RFPs be adjusted prior to a CFB. The suggested adjustments are precautionary to minimize disturbance in the Turner Wetland complex until there is a better understanding of their ecological values and appropriate oil and gas exploration practices. Fish habitat values and Peel River wilderness tourism values will be accommodated through appropriate management practices.

**Call for Bids Statement: Land Use Planning**

Regional land use planning is currently underway in the Peel Watershed. In order to ensure that existing and future activities consider draft and eventual final plan recommendations, the Government of Yukon will continue to participate and support regional planning in the Peel Watershed Planning Region. Information about the status of the Peel Watershed Regional Plan and background information and data on the region can be found at [www.peel.planyukon.ca](http://www.peel.planyukon.ca).

### 1.2 Porcupine Caribou Herd (PCH)

**What We Heard:** The importance of caribou to First Nation citizens, and the need to protect the caribou habitat in northern Yukon was raised by many respondents, in particular the Porcupine Caribou Management Board (PCMB) and the Peel Watershed Planning Commission (PWPC). PCMB advised that the RFP submissions are in the winter range of the herd, and that while the herd is currently not utilizing the Peel Plateau winter range it likely will in the future. PCMB also stressed that resource managers need to account for the cumulative impact of numerous rights dispositions on a herd that is declining in population.

In a previous submission PCMB stated “harvest and issues around hunt management as a result of the access provided by the Dempster Highway is the most significant management issue for the herd at this time”. The PCMB is concerned that “harvest by employees and support personnel for oil and gas projects in the Peel Region could represent an added burden to a herd that is already under considerable pressure”.

**Government Response:** The Government of Yukon is currently developing a set of best management practices (BMPs) for Woodland caribou and habitat and winter range of the Porcupine Caribou Herd (PCH). The BMPs will, along with mitigation measures, address the potential interactions of caribou with oil and gas activities. We will continue to work with government agencies, First Nations, and stakeholders to develop BMPs and ensure the most up-to-date information is used in planning and assessing oil and gas activities. The Government of Yukon feels that these measures, in addition to adjustments to the
RFP locations included in the CFB, will address the concerns raised during the review. The locations recommended for a CFB excludes the key Turner Wetland and much of the Caribou River.

Departmental Recommendations: The Government of Yukon will continue to support the initiatives of the PCMB to ensure the integrity and protection of the PCH and other northern caribou populations. Their critical habitats, especially their calving grounds must be identified as requiring heightened care in terms of mitigation measures. *Oil and Gas Best Management Practices for Caribou* are undergoing their second technical review prior to their final peer review. It is expected that these BMPs will be posted on the OGR website in the near future. The Government of Yukon is confident that the use of BMPs and mitigation measures will ensure the protection of the PCH and other northern caribou populations.

Call for Bids Statement: Porcupine Caribou Herd

The protection of the Porcupine Caribou Herd, as well as other caribou herds in northern Yukon was one of the most frequently raised issues during the current and previous Request for Posting Reviews. Oil and gas best management practices for caribou are written and are undergoing technical and peer review. It is expected these best management practices will be posted on the Oil and Gas Resources web page in the near future. Examples of mitigative measures for caribou and other wildlife species can be found in *Significant Values and Mitigative Measures Options: A Document for Discussion* located on the Oil and Gas Resources, Rights Management web page found at, [www.yukonoilandgas.com](http://www.yukonoilandgas.com). The Government of Yukon is confident that the use of BMPs and mitigation measures will ensure the protection of the Porcupine Caribou Herd and other northern caribou populations.

1.3 Wetlands

**What We Heard:** The importance of the Turner Lake wetland was highlighted during this and previous RFP Reviews. The First Nation of Nacho Nyak Dun (NND) advised this wetland is “of highest priority for conservation consideration”. The PWPC advised “the Turner wetland complex provides key staging and molting habitat for water birds, including species of international conservation concern (Spiewak and Leach, 2005)”’. The Yukon Department of Environment provided a map that illustrates the key habitat for waterfowl in the Peel Plateau-Plain basin, and stated in their correspondence that Turner Wetland is considered one of Yukon’s key wetlands. Respondents to this RFP Review want to ensure the integrity of the wetland is maintained. The need for “a high level of protection” for Turner Lake Wetland was suggested.

**Government Response:** Wetlands are considered to be among the most productive ecosystems in northern Yukon. In most cases access and activity in wetlands will be restricted to specific operating windows, for example in winter months, when there is sufficient ice and snow cover to protect soil and vegetation. The protection of bird and wildlife populations and habitat is also likely to be achieved by limiting access to specific operating windows.
The Government of Yukon is committed to actively working in collaboration with First Nations, government agencies, and other organizations to gain a better understanding of the sensitivity of the territories wetlands and in the development of wetland policies to ensure the sustainability of these ecologically important areas. The development of a suite of BMPs and mitigation measures will help industry and regulators understand and conserve the sustainability of the wetland function, and will effectively address concerns related to potential impacts on these wetlands. The draft document, *Oil and Gas Best Management Practices for Wetlands* is currently being revised and will undergo a final peer-review by the inter-governmental wetland committee before being posted on the OGR website.

**Departmental Recommendations:** Portions of RFP 2008S001 and 002 are located on the edges of the key Turner wetland complex. The Government of Yukon will ensure that appropriate operating windows are applied to activities carried out in proximity to the wetland complex in order to reduce disturbance during sensitive periods such as waterfowl migration, staging, and nesting. In consideration of concerns respecting Turner Lake wetlands, the Division Head recommends the exclusion of portions of the wetland complex from RFP locations 2008S001 and 002 in the locations for the Spring 2008 Call for Work Bids.

**Call for Bids Statement: Wetlands**
The importance of the Turner Lake wetland complex as key habitat for waterfowl was highlighted during the Spring 2008 Request for Postings Review as well as in reviews of locations previously selected by industry in the Peel Plateau-Plain oil and gas basin. *Oil and Gas Best Management Practices for Wetlands* have been written and will undergo a final peer review in the near future. When the best management practices are final they will be posted on the Oil and Gas Resources website. The Government of Yukon is confident that use of best management practices and mitigation measures utilizing, for example, seasonal operating windows for activities within and in proximity to wetlands during sensitive periods such as waterfowl migration, staging, and nesting, will ensure the protection of Yukon’s wetlands.
1.4 Water Quality and Fisheries

What We Heard: The maintenance of water quality standards and fish habitat is important to all participants in the RFP Review. NND, in correspondence to OGR during the Spring 2007 RFP review, was adamant that “fish and fish habitat should not be an afterthought”. The First Nation identified the Peel River and its tributaries as being important fish habitat and traditionally used by the TGC. The Yukon Salmon Committee (YSC) advised during the Fall 2007 review that salmon, whitefish, cisco, and char are found within the Peel Watershed, and expressed “interest in ensuring any oil and gas activities that occur in this area do not disturb salmon habitat or affect salmon populations”. The YSC further advises that preliminary studies have determined that some “critical habitats include the Road, Trail, and Vittrekwa Rivers” and “while none of these locations is specifically in the area currently under consideration for oil and gas development, their proximity and the lack of detailed knowledge about important fish habitats would suggest that some caution should be taken in moving forward with oil and gas development”.

The PWPC, NND and the YSC provided detailed information on fish species and habitat in the Peel Watershed. In the Spring 2007 RFP Review, the Department of Fisheries and Oceans provided very specific recommendations on water use including “any pumps should be screened to prevent entrainment and impingement of fish in the screen”. The Yukon Salmon Committee commented “detonation of explosives for seismic can damage the internal organs of fish and the detonation by-products such as ammonia can be toxic to fish”.

The GTC and TGC have repeatedly stated at public meetings in Fort McPherson and in correspondence to OGR that water quality in the Peel River and its tributaries is one of their highest concerns.

Government Response: Impacts on fish habitat and use of water is carefully controlled and monitored by several government agencies including the Yukon Water Board, the federal Department of Fisheries and Oceans, Environment Canada, and the Yukon Department of Environment.

Departmental Recommendations: Environmental assessments of activities will be required under the Yukon Environmental and Socio-Economic Assessment Act (YESAA), and companies will be required to obtain all necessary regulatory approvals.

Call for Bids Statement: Water Quality and Fisheries
The importance of maintaining water quality and functioning watercourses was identified in this and previous Request for Postings Reviews. Impacts on fish habitat and water use are carefully controlled and monitored by several government agencies including the Yukon Water Board, the federal Department of Fisheries and Oceans, Environment Canada, and the Yukon Department of Environment.
1.5 Peregrine Falcon and other Raptor Nesting

What We Heard: The Yukon Department of Environment and the PWPC have reported that a portion of the Peel River corridor within RFP 2008S001 contains documented peregrine falcon nests. In addition, the two agencies said that bald eagle and osprey nests are known to exist along the steep banks of the Peel and Caribou River corridors. Nesting sites for raptors are considered key habitat and are very susceptible to disturbance from humans. The sensitivity and importance of this value was reflected in the responses from First Nations, government agencies and public boards. Peregrine falcons are listed by the Committee on the Status of Endangered Wildlife in Canada (COSEWIC) as a species of Special Concern. The PWPC has recommended that no activity be allowed along the river corridors in order to protect fish, bird habitat and viewscapes.

Government Response: The Government of Yukon will require the use of industry BMPs and mitigation measures to safeguard raptor nesting sites and other values associated with the Peel River corridor.

Departmental Recommendations: Industry will be required to identify industry best practices and mitigation measures to ensure the appropriate management of areas with sensitive habitat such as raptor nesting sites. Such measures may include seasonal restrictions of activities to reduce industrial disturbance. Industry will also be encouraged to obtain and review conservation and wildlife maps and data. Two sources of this information are the Yukon Department of Environment and the PWPC websites. Environmental assessments of activities will be required under YESAA, and companies will be required to obtain all necessary permits, and meet all conditions that are required to safeguard the environment in general and raptor nesting sites in particular.

Call for Bids Statement: Peregrine Falcon and other Raptor Nesting

It is the desire of the Government of Yukon to ensure that Yukon’s oil and gas industry is developed in an environmentally responsible manner. The Government of Yukon is confident that the use of best management practices and mitigative measures will ensure the protection of areas with significant ecological values, such as raptor nesting sites. Companies interested in submitting bids are encouraged to review Yukon’s best management practices and Significant Values and Mitigative Measures Options: A Document for Discussion, located on the Oil and Gas Resources, Rights Management web page found at, www.yukonoilandgas.com; the Wildlife Key Areas (map) Series located on the Yukon Department of Environment website http://environmentyukon.gov.yk.ca/geomatics/maps.html and the PWPC website at www.peel.planyukon.ca.

1.6 Cumulative Effects

What We Heard: Concerns about cumulative effects were highlighted by the Porcupine Caribou Management Board (PCMB) and previously by the Yukon Conservation Society (YCS). While the PCMB supports responsible development, they are troubled about the increasing interest from the oil and gas industry in northern Yukon and the winter range of the porcupine caribou herd (PCH). The PCMB noted the “population (of the PCH) has
been declining slowly but steadily for over a decade” and are concerned that the decline may be from loss of habitat and habitat fragmentation due to increased human activity.

The YCS expressed their concern that “YESAA essentially looks at multiple impacts from existing projects, and does not look at cumulative effects on an area from potential projects. YCS urges the Oil and Gas Resources branch to seriously consider setting their own process to deal with cumulative effects. The PCMB suggested instituting a long-term monitoring program consistent with the CircumArctic Rangifer Monitoring and Assessment Network, the NWT Cumulative Effects Assessment and Management Strategy and Framework, and the NWT Cumulative Impact Monitoring Program.

**Government Response:** It is important to clarify that the RFP is only the first step towards the disposition of oil and gas rights. There are no activities or project proposals at this time; therefore there is no activity on which to conduct an environmental or cumulative effects assessment. Furthermore, only a very small portion of the resulting dispositions will be temporarily disturbed for exploration activity and an even smaller portion may eventually be developed if sufficient reserves are discovered. YESAA requires that an environmental assessment be conducted on all oil and gas activities. Environmental assessments include an analysis of cumulative effects. The Government of Yukon will continue to work with the YESAA board (YESAB) to ensure that environmental and cumulative effect assessments include all known and planned activities. The concerns raised by respondents of long term impacts of oil and gas projects that may occur in the future are valid. However, YESAA does not, and cannot address unknown projects or activities that may or may not occur at sometime in the future. Once a regional land use plan is approved for the region, it is anticipated there will be some advice and direction regarding cumulative effects management.

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

**Call for Bids Statement: Environmental Assessments and Cumulative Effects**

No specific statement is required in the CFB to address environmental assessments and cumulative effects as prospective bidders are encouraged to familiarize themselves with legislation and other documents that will affect oil and gas activities.

**1.7 Climate Change**

**What We Heard:** Concerns about climate change, global warming, variable permafrost conditions, and wildland fire patterns were identified in previous RFP Reviews. First Nations advised that local residents who spend time on the land are the best experts to advise companies on localized ground conditions and how this could impact oil and gas activities. Individuals and groups with strong conservation interests generally oppose oil and gas activity due to concerns about global warming, greenhouse gas, and the use of fossil fuels. The Yukon Conservation Society suggested that the Government of Yukon is
pursuing contradictory policies by developing a Climate Change Action Plan while at the same time promoting oil and gas development in the Yukon.

**Government Response:** The Government of Yukon is implementing a Climate Change Strategy that includes the goals of enhancing awareness, reducing greenhouse gas emissions, adapting to climate change impacts, and supporting climate change research. If the RFP results in the development of petroleum resources in the Peel Plateau-Plain it will likely be a natural gas development. Natural Gas is considered a “clean” fossil fuel and its utilization replaces dirtier fossil fuels thereby reducing greenhouse gas emissions. The Yukon government is also developing an Energy Strategy which includes the goal; “promote and facilitate responsible development of oil and gas resources for export and local use within Yukon”.

Adaptation to climate change includes the prevention and minimization of thermal degradation in areas with permafrost. The goals of BMPs include minimizing disturbance, conserving vegetation and surface soil, avoiding permafrost disturbance, and setting the stage for eventual restoration. The BMPs for seismic exploration include supporting low impact practices to reduce effects on the landscape.

**Departmental Recommendations:** The Yukon Government will continue to ensure future activities minimize impacts on permafrost. Companies will be encouraged to consult with local experts and ensure BMPs are followed in order to minimize ground disturbance, avoid disturbing permafrost, and to ensure appropriate restoration occurs.

**Call for Bids Statement: Climate Change**

Northern First Nations have stated that the climate in northern Yukon has changed in recent years. They expressed concern that because of these changes, oil and gas activities may damage the ecology and permafrost. The Government of Yukon is confident that the ecology of northern Yukon will be protected through the use of best management practices, such as those for seismic exploration found on the Oil and Gas Resources web page, [www.emr.gov.yk.ca/oilandgas/best_management_practices.html](http://www.emr.gov.yk.ca/oilandgas/best_management_practices.html).

### 2.0 SOCIO-ECONOMIC CONCERNS

#### 2.1 Peel River Corridor and Wilderness Tourism

**What We Heard:** The portion of the Peel River straddled by RFP location 2008S001 contains significant recreational features and is an integral component of most wilderness river trips in the Peel Watershed (Department of Environment). This concern was echoed by the Wilderness Tourism Association, the Government of Yukon Tourism Branch, Yukon Conservation Society and the PWPC. All emphasized the strategic importance of the Peel River and its major tributaries for the wilderness tourism industry. Visual impacts and auditory effects of oil and gas activities along tourism travel corridors, particularly the Peel River and Canyon, may have serious effects on the wilderness tourism industry. The maintenance of scenic viewscapes is especially important to the tourism industry. Visual impacts are also a concern for other users of the backcountry, in
particular for traditional and cultural First Nation activities, especially around settlement lands.

Government Response: The Yukon Departments of Environment and Tourism recommended in previous RFP Reviews that BMPs would reduce conflict with wilderness tourism operations by; avoiding key wilderness tourism travel seasons, minimizing visual and auditory impacts, and establishing buffers and setbacks along river corridors. In their response to this RFP Review both Departments expressed heightened concern that oil and gas development could have significant economic impact on wilderness tourism companies that operate along the Peel River and that this concern may be best addressed by removing the corridor along the Peel River from the Spring 2008 Call for Bids.

Departmental Recommendations: Companies bidding on RFP location 2008S001 will be advised of the importance of wilderness tourism values associated with the Peel River Corridor and the requirement to adopt suitable best management practices to protect the wilderness values. In addition, direct communication between companies and wilderness tourism operators will be encouraged to address specific concerns and review potential mitigation measures.

Current Wilderness Tourism Best Management Practices may be viewed on line at; www.yukonoilandgas.com.

Call for Bids Statement: Wilderness Tourism
Wilderness tourism is an active and important part of the economy in northern Yukon, especially along the Peel River. The Government of Yukon has worked closely with the Wilderness Tourism Association of Yukon and the Department of Tourism and Culture to develop the Best Management Practices for Wilderness Tourism found on the Oil and Gas Resources web page www.emr.gov.yk.ca/oilandgas/best_management_practices.html. Through the use of best management practices the Government of Yukon is confident that wilderness tourism will continue to be an important component of the economy of northern Yukon.

2.2 Heritage Values
What We Heard: The preservation of traditional uses and cultural values is particularly important to First Nations and supported by the YG Heritage Branch. The PWPC advised the Turner Wetland and Edigii Hill in particular are recognized as traditionally important places. There has been no archaeological inventory conducted by Government of Yukon, Heritage Branch in the Spring 2008 RFP locations and the presence and extent of archaeological sites in these areas is unknown.

Historic and traditional land uses of the Tetlit Gwich’in were gathered by the Gwich’in Social and Cultural Institute in the NWT and are based on their survey and oral history along the Peel River (Kritsch et al. 1998). This information was in turn provided by the Yukon Heritage Branch.
• In 2008S001 at the “mouth of the Nihtal git tshik and Aghoo tishik on the Peel River. (Tetlit Gwich’in) people made their skin boats here in the spring to go down river. Aghoo tishik is the place where beaver and muskrat traded their tail in the old Gwich’in legend. This is also an area where birch can be found”.

• In 2008S001 at the Chuu tr¨idaoodiich’un/ Ekehtsii va’an/Ik’ehtsii va’an or Peel Canyon. “There are many stories about people traveling through the canyon in skin boats. Women and kids would walk around while men took the boats through. The foot of the canyon was a traditional camp site.”

• In 2008S002 – the McPherson to Vadzaiah Van Tshik Trail. “The village was located near the confluence of the Caribou River and Vadzaiah Creek. The old trail over Caribou Mountain passes by the village and up to about 1938, Tetlit Gwich’in people would stay at the village while they were hunting caribou around Christmas-time.”

• The historic RCMP patrol route from Dawson City to Fort McPherson also traverses part of 2008S002.

Government Response: Those conducting activities must comply with the Yukon Historic Resources Act which requires that any finds of heritage sites, historic sites, or objects, be reported and left undisturbed. In addition YG has developed Best Management Practices for Historic Resources which can be found on the OGR website (www.yukonoilandgas.com). The Government of Yukon also expects companies to work in collaboration with First Nations to identify sites and conduct activities in such a way that culturally sensitive areas are not negatively impacted by oil and gas development. The Yukon Heritage Branch advised that the precise routing of the historic Dawson to Fort McPherson RCMP trail should be determined in consultation with the Gwich’in Social and Cultural Institute, the TGC and GTC.

Departmental Recommendations: When companies proceed with any activity in specific areas, any known heritage and cultural information will be identified to ensure protection, and BMPs for historic resources will be provided.

Call for Bids Statement: Heritage Values
The Peel River holds significant cultural importance for the First Nation of the Nacho Nyak Dun, Tetlit Gwich’in Council and Gwich’in Tribal Council. A map entitled Heritage Values and Traditional & Current Land Use was prepared for the North Yukon Regional Planning process and is available on their website, www.nypc.planyukon.ca. As work on the Peel Watershed Regional Plan progresses, prospective bidders may wish to review their website, www.peel.planyukon.ca for similar map products and heritage information.

The Government of Yukon is confident that known and potential cultural, heritage, and historic sites will be protected through the use of Best Management Practices for Historic Resources, www.emr.gov.yk.ca/oilandgas/best_management_practices.html; and through companies working in collaboration with the First Nation government heritage
offices and the Gwich’in Social and Cultural Institute when undertaking surveys or assessments.

2.3 Communications, Opportunities and Benefits

**What We Heard:** The importance of early and regular communications between First Nation governments, Government of Yukon and industry representatives was stressed as a key element in the successful development of a Yukon oil and gas industry by northern First Nations. It was requested that industry representatives be encouraged to meet with First Nations at the onset of their planning for development activities. In past RFP Reviews the GTC/TGC requested preferential hiring measures of Gwich’in businesses and participants for work activities within the Gwich’in Settlement areas.

**Government Response:** The Government of Yukon is working towards improving communications between the oil and gas industry representatives and First Nations; and is committed to improving the economic and employment opportunities for all Yukoners. Oil and gas development is seen as an exciting and viable option for improving these opportunities. The Yukon Oil and Gas Act requires that companies negotiate benefit agreements with affected Yukon First Nations and Yukon communities for work expenditures larger than $1,000,000 per year, ensuring that First Nations have an opportunity to negotiate local opportunities with industry and government.

**Departmental Recommendations:** Permittees applying for a license may be required to conclude benefits opportunity agreements and shall adhere to the Yukon benefits requirements outlined in *Additional Information Regarding the Regulation of Oil and Gas Activities in Yukon* found on the oil and gas website. As the OGR has contact with industry, they will continue to encourage and facilitate direct communications between First Nations and industry, particularly as companies make plans for, and prior to, beginning exploration and development activities.

**Call for Bids Statement: Communications, Opportunities and Benefits**

Northern First Nations have stressed the importance and need for early and meaningful communications between industry and First Nation governments. Successful bidders are strongly encouraged to directly contact First Nations at the earliest possible opportunity. All bidders are also encouraged to review the benefit requirements outlined in *Additional Information Regarding the Regulation of Oil and Gas Activities in Yukon* found on the Oil and Gas Resources website, [www.yukonoilandgas.com](http://www.yukonoilandgas.com).
3.0 SURFACE ACCESS CONCERNS

3.1 Surface Access

What We Heard: Concerns were expressed that access to the areas requested in the Spring 2008 RFP will open up access to the entire Peel Plateau. The GTC/TGC advised all-season access roads should not be permitted as part of the exploration and development rights issuance.

Specific concerns were expressed relating to all-season access roads off the Dempster Highway. Respondents to both 2007 RFP Reviews suggested that public use of new roads and trails not be permitted and that the use of helicopters and/or winter road access would minimize environmental impact. The Yukon Department of Environment suggested that “multiple access points into the Peel Plateau were not appropriate and may affect the long-term conservation of wildlife, habitat, wilderness tourism and recreation”. Another suggestion is for one road access point from the Dempster Highway to minimize visual clutter along this important scenic route.

The PCMB, in their submissions to the 2007 RFP reviews, expressed concern that increased traffic on the Dempster Highway would lead to increases in direct loss of caribou due to road-kills or injuries. The PCMB also suggested increased access activity means higher potential for the introduction of invasive plant species, and recommended that a comprehensive study be undertaken to assess the effects of road construction and highway traffic on lichen and other vegetation. In the PCMB’s submission to the Spring 2008 RFP Review, the board recommended that existing roadways be used and shared, that roads be constructed to as short a distance as possible, and where possible winter-only access be created by utilizing water bodies to construct ice-roads.

Government Response: At this time, only winter roads are anticipated to access disposition locations that may be awarded in the Spring 2008 CFB. If all-season access is required, the Government of Yukon will work with disposition holders to undertake access planning. Access management could be achieved through access planning scenarios proposed by the Government of Yukon, under the regional plan, or companies could be required to provide access management plans for long-term access into the Peel Plateau. An overall access management plan for the Peel Plateau-Plain basin could be developed in parallel with proposed oil and gas rights in the region. There are several BMPs for seismic exploration that address access activities. These include the reduction of new public access and travel corridors, as well as managing the access needs of all users (industrial, commercial, recreational and subsistence activities). In cases where the impact of conventional seismic activities cannot be tolerated, access for low impact seismic or geophysical exploration could be allowed.

Departmental Recommendations: The Government of Yukon will ensure that when companies propose activities any associated access plans include consideration for BMPs, regulatory approvals and environmental reviews. In addition, access from the Dempster Highway will require a Dempster Highway Development Authorization under
regulations pursuant to the *Yukon Area Development Act*. These regulations were put in place to control access and hunting the Dempster Highway within the range of the Porcupine Caribou Herd. It will be recommended that companies contact the Department of Highways and Public Works regarding permits for temporary or permanent access points off the Dempster Highway. Companies will also be required to contact the Department of Environment regarding permits under the *Dempster Highway Development Area Regulations*.

**Call for Bids Statement: Surface Access**

Concerns were raised by First Nations and members of the Yukon public about new all-season access roads off the Dempster Highway, increased off-road vehicular use, and the potential visual impacts of access on the landscape. The Government of Yukon is confident that the use of BMPs and mitigative measures, such as those found on the Oil and Gas Resources website for seismic activities, [www.emr.gov.yk.ca/oilandgas/best_management_practices.html](http://www.emr.gov.yk.ca/oilandgas/best_management_practices.html), will limit the detrimental effects of new access. Companies are required to address all regulatory requirements associated with surface access. At this time only winter roads are anticipated in the Spring 2008 Call for Bids Locations. If all-season access is required, the Government of Yukon will work with permit and lease holders to undertake access planning. Bidders are also encouraged to review regulatory requirements for access outlined in *Additional Information Regarding the Regulation of Oil and Gas Activities in Yukon* found on the Oil and Gas Resources website, [www.yukonoilandgas.com](http://www.yukonoilandgas.com).
C. Oil and Gas Resources, Division Head Recommendations

The Minister has two options with respect to the proposed CFB Locations and Division Head recommendations. He may choose to:

1. Accept the Locations and recommendations of the Division Head, or
2. Reject the Locations and recommendations of the Division Head.

The Government of Yukon gathered feedback and information from a number of sources; First Nations, Yukon government departments and public boards about the Spring 2008 RFP in the Peel-Plateau-Plain oil and gas basin. The views of those opposed to and in support of the disposition were heard and analyzed, and as a result the Division Head recommends the alteration of location boundaries from the Spring 2008 RFPs to exclude the key Turner Wetland and portions of the Caribou River. While some respondents voiced the opinion that the Spring 2008 CFB should be cancelled, the alteration of the RFP location boundaries along with appropriate BMPs will address many of the concerns raised. It is the recommendation of the Division Head to proceed with the Spring 2008 CFB for the two locations, with the amended location boundaries, in the Peel Plateau-Plain oil and gas basin (see attached map).

If the Minister accepts this recommendation, there are many individuals and agencies that responded during the RFP Review that may feel that government did not listen to their concerns. Oil and Gas Resources believes that the environmental, socio-economic, and surface access issues raised during the RFP Review are addressed by the location boundary adjustments; and the use of mitigative measures, BMPs, and the existing regulatory regime. It is important to note that RFPs and CFBs form parts of the early stages the of oil and gas exploration process and that further consultations with affected First Nations will take place prior to the licensing of oil and gas activities. There will also be many other opportunities for First Nations, government departments and agencies, and the public to comment prior to any oil and gas activity taking place. The Government of Yukon will continue to work with the respondents as well as industry to ensure the orderly and responsible development of an oil and gas industry in northern Yukon.

Therefore, it is the recommendation of the Division Head that: A Call for Bids for two Locations identified in the Peel Plateau-Plain proceed.