

For illustrative purposes only.
This document will be adapted for each Call for Work Bids.



Standard Call For Work Bids

Updated June 3, 2008

Oil and Gas Act
Oil and Gas Disposition Regulations
Call for Work Bids [Spring/Fall 200_]
[name of Oil and Gas Basin]

The Minister of Energy, Mines and Resources of Yukon invites the submission of bids for the purchase of Oil and Gas Permits granting oil and gas rights in Yukon lands, in accordance with and subject to the conditions contained in this Call for Work Bids.

See Appendix A to this Call for Work Bids for the legal description of Locations and the maps showing their boundaries.

BIDDING DEADLINE: 11:00 A.M. Pacific [Standard/Daylight Saving] Time, [date].

Yukon Call for Work Bids
Government of Yukon
Department of Energy, Mines and Resources
Oil and Gas Resources
Suite 300, 211 Main Street
Whitehorse, Yukon, Canada
Y1A 2B2

Enquiries only:
Tel: (867) 667-3427
Fax: (867) 393-6262

oilandgasdisposition@gov.yk.ca

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Government of Yukon
Oil and Gas Act
Oil and Gas Disposition Regulations
Call for Work Bids [Spring/Fall 200_]

1. Call for Work Bids

This Call for Work Bids is made pursuant to Yukon's *Oil and Gas Act* (Act) and the *Oil and Gas Disposition Regulations* (OGDR). The Oil and Gas Permits (Permits) to be sold will grant rights to oil and gas under the administration and control of the Government of Yukon. The Permits will be issued pursuant to the Act and the OGDR and will grant the rights in accordance with section 30 of the Act.

By submitting a bid in response to this Call for Work Bids, the bidder and any person or persons on whose behalf the bid is submitted accept and agree to the terms and conditions in this Call for Work Bids. Any bid submitted that does not conform to the terms and conditions in this Call for Work Bids may result in the rejection of the bid. The Minister reserves the right to reject any or all bids submitted. The results of the sale will be made public as soon as practicable after the bidding deadline.

If there is a conflict or inconsistency between any provision of this Call for Work Bids and the Act, the OGDR or a Permit, the Act, the OGDR or the Permit prevails.

2. The Oil and Gas Permits

The form of the Permits to be sold will be substantially similar to the *Standard Oil and Gas Permit* shown on the Oil and Gas Resources website at www.yukonoilandgas.com. The Permits will contain provisions respecting, among other matters,

- the Location (Appendix A of the Permit);
- the return or refunding of the work deposit (Appendix B of the Permit);
- the *Schedule of Allowable Expenditures* (Appendix B of the Permit);
- rentals for a renewal term (Appendix C of the Permit); and
- royalty on test production (Section 4(a) of the Permit).

All appendices that are attached to a Permit shall form part of the Permit.

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3. Submission of Bids

Bids must be physically received at the following address prior to 11:00 A.M. **Pacific [Standard/Daylight Saving] Time, [date]:**

Yukon Call for Work Bids
Government of Yukon
Department of Energy, Mines and Resources
Oil and Gas Resources
Suite 300, 211 Main Street
Whitehorse, Yukon, Canada
Y1A 2B2

Bids of less than \$400,000 will be rejected.

Late bids are opened on the third business day following the day on which the results of the sale are made public for the purpose of identifying the senders and returning the work deposits and permit issuance fees.

Each bid must be contained in its own sealed envelope (the inner envelope) which must in turn be contained in another sealed envelope (the outer envelope). However, any number of bids may be contained in one sealed outer envelope.

The inner envelope must contain:

- the completed form (Work Bid Submission Form), (see www.gov.yk.ca/forms/#o to download a copy of this interactive form);
- the work deposit (see section 5); and
- the Permit issuance fee (see section 6).

The inner envelope must be clearly marked “Yukon Call for Work Bids [*Spring/Fall*] 200_: Location ___” (*showing the number of the Location*).

The outer envelope must be addressed to Oil and Gas Resources at the above address.

The inner and outer envelopes must not show any printing, writing or other marking except as needed to comply with the preceding requirements. In particular, they must not show anything that could identify the bidder or any person on whose behalf the bid is submitted. **Non-compliance may result in rejection of the bid.**

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4. Selection of Successful Bids

The successful bid will be selected on the basis of a sole criterion, namely, the highest total amount of expenditures proposed to be made with respect to work or purchases related to exploration for oil and gas in the Location of the Permit during its initial term. The classes of such expenditures are restricted to those described in the *Schedule of Allowable Expenditures* contained in the Permit.

If there are two or more tied bids for a Permit, the successful bid will be determined by a draw. The draw will be conducted in the following manner: the name of each tied bidder will be written on an individual blank piece of paper and placed in a container. One piece of paper will be drawn from the container. The name of the bidder on the piece of paper drawn is the successful bidder. The Rights and Royalties Manager will conduct the draw and a Department of Justice representative will verify the result.

5. Work Deposit

Oil and Gas Disposition Regulations, sections 9 and 12 (as amended by OIC 2004/206 and OIC 2008/24)

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

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. Work deposits submitted with unsuccessful bids will be returned. The work deposit submitted with the successful bid may be replaced by an irrevocable letter of credit satisfactory to the Minister or other negotiable financial instrument satisfactory to the Minister.

As allowable expenditures are incurred during the initial term of the Permit or any extension of that term pursuant to section 35 of the Act, the work deposit is returnable or refundable in accordance with section 12 of the OGDR. As a work deposit represents 25% of the total amount bid for the Permit, returns or refunds are prorated on the basis of 25% of allowable expenditures incurred. The allowable expenditures are based on the costs of exploratory work and purchases determined in accordance with the *Schedule of Allowable Expenditures* contained in the Permit and the *Supplemental Guidelines for the Schedule of Allowable Expenditures in Oil and Gas Permits issued after January 1, 2007* applicable to that Schedule. The Supplemental Guidelines applicable to the Schedule are shown in the Oil and Gas Resources website at www.yukonoilandgas.com and deal with the calculation of the costs that may be approved as allowable expenditures under the Schedule.

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6. Permit Issuance Fee

A Permit issuance fee of \$500 must be submitted with each bid by a **separate** certified cheque, bank draft or money order made payable to the Government of Yukon. The fees submitted with unsuccessful bids will be returned.

7. Term of Permit

Oil and Gas Act, sections 31 to 36

Subject to the Act, the initial term of the Permit will be six (6) years with a right of renewal. If the Permit is renewed, the second or renewal term will be four (4) years. Under the Act, the initial term and the second or renewal term of a permit cannot exceed an aggregate of ten (10) years.

For a Permittee to be entitled to a renewal of a Permit,

- the drilling of a well (the Qualifying Well) must be commenced before the end of the initial term in the Location of the Permit or, when allowed under the OGDR, outside the Location; and
- the Qualifying Well must be drilled during the initial term or any extension of that term under section 35 of the Act, in accordance with the terms and conditions of the Well Licence.

Section 35 of the Act provides for the extension of the initial term when the drilling of the Qualifying Well is still being conducted at the end of the initial term. When the initial term is extended by reason of drilling, the second term is reduced accordingly.

Section 36 of the Act provides for the conversion of the Permit to an Oil and Gas Lease.

8. Designation of Representative and Official Service Address

Oil and Gas Act, sections 8 and 21, Oil and Gas Regulations sections 13 and 14

Subject to the Act, and the OGDR, when an oil and gas disposition is held by two or more holders, one of those holders or some other person must be designated as the representative. An official service address must be indicated for the designated representative. The designated representative and the official service address may either be appointed on the Work Bid Submission Form in Section G; or within fourteen days of the effective date of the Permit. Should the latter option be chosen the forms entitled *Notice of Designated Representative, Replacement or Revocation*, and *Notice of Official Service Address of Designated Representative or Sole Holder* can be found on the Oil and Gas Resources website at www.yukonoilandgas.com. If a designated representative is not appointed after 14 days following the effective date of an Oil and Gas Permit, the Minister may designate one of the holders as the representative of the disposition.

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9. Eligibility to Hold a Permit

Oil and Gas Disposition Regulations, sections 10(4) and 18

No person is eligible to be the holder or one of the holders of the Permit unless that person is a corporation that is incorporated, continued or registered under the *Business Corporations Act* (Yukon) or the *Bank Act* (Canada), licensed under the *Insurance Act* (Yukon) or, in any other case, is approved by the Minister as a corporation that may hold a Permit.

A bid shall not be rejected merely because a corporation shown on the Work Bid Submission Form as the intended holder or one of the intended co-holders of the Permit is not registered as an extra-territorial corporation under Part 21 of the *Business Corporations Act* (Yukon) but if the bid is successful, the issuance of the Permit is subject to the condition that the corporation must be registered under that Part within 30 days after the day on which the Minister publicly announces the name of the successful bidder for the Permit.

If a corporation is shown on the Work Bid Submission Form for a successful bid as the intended holder or one of the intended holders of the Permit and the corporation

- (a) is ineligible to be the holder or a co-holder of the Permit, or
- (b) is an unregistered extra-territorial corporation that fails to meet the condition in the preceding paragraph within the 30-day period,

the Permit will not be issued and the bid will be deemed to be rejected.

10. Rentals

Provision for rentals in the Permit will be the same as those found in Appendix C of the *Standard Oil and Gas Permit* shown in the Oil and Gas Resources website at www.yukonoilandgas.com. In summary:

- No rentals are payable in respect of any year in the initial term of the Permit.
- In the renewal term, the rentals for a year are payable on or before the first day of that year at the rate of \$5.00 per hectare per year.
- When the renewal term of the Permit is extended due to the drilling of a well, rentals for the extension period will be payable monthly, in advance, at the rate of one-twelfth (1/12) of the annual rate for the renewal term.

Failure to pay rentals may result in the cancellation of the Permit.

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11. Specific Environmental, Socio-economic or Surface Access Concerns

Oil and Gas Disposition Regulations, sections 6, 7, 9(2)(d)

[Note: This section will contain a summary of concerns arising as a result of the Request for Posting Review under sections 6 and 7 of the OGDR, that is, environmental, socio-economic and surface access concerns or other concerns that may affect operations conducted pursuant to the Permits to be sold.]

12. Refer to Additional Information Regarding the Regulation of Oil and Gas Activities in Yukon

Prospective bidders are advised to make themselves aware of legislation and other documents that will affect oil and gas activities conducted by or on behalf of the Permittee. See the Oil and Gas Resources website at www.yukonoilandgas.com for *Additional Information Regarding the Regulation of Oil and Gas Activities in Yukon*. This is a non-exhaustive list, and it is the responsibility of the bidder to meet the requirements of the laws of Yukon in relation to oil and gas activities and operations. Prospective bidders should also be aware that environmental and cumulative effects assessments may be required prior to any activities. They are encouraged to familiarize themselves with the *Yukon Environmental and Socio-economic Assessment Act* (YESAA) which can be found on the Yukon Environmental and Socio-economic Assessment Board website at <http://www.yesab.ca>.

Prospective bidders are advised that the Government of Yukon will hold consultations with First Nations whose traditional territories overlap sites where applications for oil and gas activities have been received. These consultations may result in terms and conditions that could affect the scope or timing of proposed activities.

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**APPENDIX A:
CALL FOR WORK BIDS [SPRING/FALL 200_]
LOCATION:**

A. Oil and Gas Basin:

B. Location:					
Grid Area(s)					
Sections(s)					

Notes:	Total Sections:
	Total area: number of square kilometers number of hectares, more or less

The map of Call for Work Bid Location ___ is on the oil and gas website at http://www.emr.gov.yk.ca/oilandgas/rights_management_maps_and_data.html.

[insert map]