

Alaska Pipeline Symposium

Commercializing Natural Gas in the Arctic to supply North American Markets and
Bring Economic Opportunities to the North

Premier Dennis Fentie

9:15 a.m. December 2, 2004 The St. Regis, Houston, Texas

“Check Against Delivery”

- Ladies and Gentlemen, distinguished guests, I would like to thank our hosts for the invitation to speak to you today.
- I bring you “warm” greetings from the Yukon. Normally in winters past, our definition of “warm” at this time of year could mean -40 degrees below zero, but Mother Nature has been treating Yukoners in a much kinder and gentler fashion of late.
- I believe that in Whitehorse today it’s only around 30° F which, however, is quite warm for December 2nd for us.
- I want to tell you a little about the Yukon and its history in order to give you a better understanding of what a project like the Alaska Highway Pipeline means to us in the north.
- Many Americans and Canadians only know of the Yukon through the words of our poet laureate, Robert Service, or through the stories of Jack London. “The Cremation of Sam McGee” and “Call of the Wild” are known around the world.

- In his poem, the Spell of the Yukon, Robert Service described the Yukon as:

“It’s the great, big, broad land ‘way up yonder,
It’s the forests where silence has lease,
It’s the beauty that thrills me with wonder,
It’s the stillness that fills me with peace.”

- Robert Service was right. There is a spell of the Yukon: We call it “The Magic and the Mystery.” The Yukon is a very harsh, unforgiving land but it is also a land holding a treasure house of hidden resources: gold, silver, copper, lead and zinc, tungsten, and now even emeralds and rumours of diamonds.
- We also have substantial oil and gas resources that have remained relatively untapped because of their remoteness from market.
- An Alaska Highway Natural Gas Pipeline and the MacKenzie Valley Pipeline could change all that.
- I want to make it clear that our government does not support an over-the-top, offshore pipeline route to transport Alaskan natural gas to markets in the south, nor do we support drilling in the sensitive calving grounds of the Porcupine Caribou Herd.
- In Texas terms, the Yukon is small.

- Our land area is only 186,000 square miles and our current population stands at 31,000, with approximately 25% of Yukoners being of aboriginal ancestry.
- Despite being relatively small in area and in population, the Yukon throughout its history has grown accustomed to big events.
- The first major invasion occurred in 1898 with the world famous Klondike Gold Rush.
- Between 1897 and 1899, an estimated 100,000 thousand Cheechakos poured north to stake their placer claims in the rich Klondike gold fields. If you survived a year, you became a sourdough.
- By 1898, Dawson City ranked as the largest Canadian city west of Winnipeg, Manitoba. Estimates were that 30,000 people lived in Dawson City with a further 30,000 working the diggings in the surrounding gold fields.
- As you can see, over 100 years later the Yukon has only reached the halfway mark of its gold rush population.
- You can well imagine the tremendous impact of that massive influx of people from the south on the land and on the Yukon's indigenous First Nation aboriginal population.
- The second major invasion commenced with the announcement on February 11, 1942, by President Franklin

D. Roosevelt, authorizing the construction of the Alaska Highway as a military necessity for the joint defense of Canada and the United States at the outset of World War II.

- Just nine months later, the entire length of the road, more than 1,500 miles long was passable through dense forests, across soggy muskeg and over roaring rivers.
- What a remarkable achievement by the United States Army Corps of Engineers.
- Once again the Yukon had experienced a massive influx of people, and though the period of construction was very brief, the building of the Alaska Highway has since had a profound impact on the territory; one equivalent to, if not greater than, the Klondike Gold Rush.
- Once again Yukon's First Nation aboriginal people experienced the brunt of this impact, without enjoying many of the benefits.
- This brings us to today.
- The Yukon is promoting the development of two more major events, namely, the construction of the Alaska Highway Natural Gas Pipeline and the proposal to construct the Alaska-Yukon Railroad, connecting railroads in Alaska, through Yukon, to railroads in the south.

- Both of these major events would forever change Yukon's future, and Yukoners are anxious to effect that change.
- Today I only have time to give you Yukon's perspective on the Alaska Highway Natural Gas Pipeline, as well as our position on the MacKenzie Valley Pipeline.
- The Yukon supports the construction of both northern pipelines, as we believe that North American demand will require gas from both northern Canada and Alaska.
- It is our understanding that MacKenzie Valley gas is destined primarily for development of the Alberta oil sands; while the Alaska Highway Project will transport US gas to US markets, primarily for electrical generation.
- Yukon currently has an estimated gas reserve of 20 trillion cubic feet and we need both pipelines to ensure our gas reserves are not stranded.
- The fact that the Alaska Highway Pipeline will be located in a corridor where more than 80% of Yukoners live means that its construction will have significant and direct effect on the lives of most Yukoners.
- Accordingly, this time our government wishes to ensure that Yukon First Nations will benefit from pipeline construction rather than merely experience its impact, as happened with the gold rush and the construction of the Alaska Highway.

- To accomplish this end, the Yukon government has facilitated and financially supported the creation of the Alaska Highway Aboriginal Pipeline Coalition.
- This coalition represents those Yukon First Nations whose traditional territories lie along the proposed pipeline corridor.
- We recognize that this project will also impact First Nations and communities off the route and we are committed to involving them in regulatory processes and capacity building.
- Further, their involvement will help create regulatory certainty for this project.
- In many ways the oil and gas industry is far ahead of governments in recognizing and supporting aboriginal participation in oil and gas development.
- We commend the industry for that support.
- The Yukon Government has made it a priority to ensure that Yukon First Nations are full partners in the economic development of the Yukon through the settlement of land claims and through other agreements.

- Currently, 10 of the 14 Yukon First Nations have settled their land claims, and work is progressing to enable all Yukon First Nations to benefit from the construction and economic spin-offs of the Alaska Highway Pipeline Project.
- At the same time we are forming partnerships with First Nations, we are also strengthening our ties with our neighbours in Alaska, Alberta, British Columbia, the Northwest Territories and Nunavut.
- A good example of this partnership building occurred earlier this year, when our government met with the Government of the Northwest Territories, the Kaska Nation, and Acho Dene Koe of the NWT, and the Canadian Association of Petroleum Producers to put together a business deal that would see a trans-boundary oil and gas disposition including southeast Yukon and neighbouring southwest NWT.
- We recently took the next step to involve the Department of Indian Affairs and Northern Development because, unlike the Yukon, the Government of Canada still has jurisdiction over oil and gas dispositions in the NWT.
- I must point out here that a special relationship exists between Alaska and Yukon.
- Geography has made us neighbours and history has made us friends.

- Last winter, Governor Murkowski and I signed an Alaska-Yukon Intergovernmental Accord to work cooperatively on issues of mutual interest to our two governments.
- We met again this morning and made more progress through these discussions.
- Through this agreement, we are cooperating on the Alaska Highway Pipeline Project and exploring other projects that could bring significant economic benefits on both sides of the border.
- Our government is using every opportunity it has to impress upon the Government of Canada how important the Alaska Highway Natural Gas Pipeline is to the Yukon and to Canada as a whole.
- Our Minister of Energy, Mines and Resources, my colleague Archie Lang, recently traveled to Ottawa to make our case.

- From a Yukon perspective, we see benefits to Yukon from the project and have outlined our interest, namely:
 - no “bullet” lines; the Yukon must have access and egress to gas;
 - Yukon must receive a net fiscal benefit from the project;
 - Yukon should receive funding from Ottawa to help prepare for the Alaska Highway Project just as the NWT is receiving funding from Ottawa to prepare for the MacKenzie Valley Project.

- The benefits to Yukon and Canada from the Alaska Highway Project are immense:
 - the Alaska Highway Pipeline will generate between 100,000 and up to 375,000 person years of employment for the Canadian economy over a 24 year period;
 - The project would boost Canada’s GDP by a cumulative \$26 billion to \$31 billion including \$18.6 billion for B.C. and Yukon;
 - The project will be an expandable open – access project capable of carrying natural gas from Alaska, as well as Yukon and B.C.

- The construction of both the Alaska Highway Pipeline and the MacKenzie Valley Pipeline will inject billions of dollars into the North American economy.

- Our territory will benefit from increased economic activity that will generate more government revenue, provide more education training, business and employment opportunities and other benefits, while maintaining the northern lifestyle Yukoners enjoy.
- The key now is to continue to work collectively to make these two northern pipelines a reality and to continue to work cooperatively toward the common goal of maximizing benefits from pipeline construction and operation, soon to benefit all of our citizens.
- To learn more about the Yukon's perspective on northern pipelines, I invite you to attend a presentation by Mr. Brian Love of our Oil and Gas Branch who, will be speaking tomorrow at 1:15.
- Thank you for joining me here today, and best wishes to you all for a safe and happy holiday season.