
Public Review

Yukon Oil and Gas Disposition # 3

August 7, 2001

Background

Yukon's third call for nominations related to oil and gas rights was announced on May 17, 2001. It included three oil and gas basins: Eagle Plain, the Peel Plateau and the Kandik. Eagle Plain and the Peel Plateau were also included in the first two calls. The Kandik basin was included for the first time.

By the time the call closed on July 18, 2001, one parcel in the Peel Plateau had been nominated.

Contents of this Review Package

The following information has been compiled to assist those who will be involved in the review process for oil and gas dispositions. It consists of two parts. The first part explains the disposition process and how you can become involved. It outlines the steps in the oil and gas disposition process, what has been done to date, what is involved in the public review, and what will follow the review.

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. You can phone, fax or visit the Oil and Gas Resources Branch of the Department of Economic Development as follows:

209 –212 Main Street
Whitehorse, Yukon, Y1A 2B1
Tel: (867) 667-3427
Fax: (867) 393-6262

2. You can visit the Economic Development website at <http://www.yukonoilandgas.com>. Among the information that is posted on this website are resource assessments of the Yukon oil and gas basins, and a draft bibliography of resource material (articles, books, brochures, legislation and regulations, studies, databases) pertinent to oil and gas in Yukon.

Steps in Oil and Gas Disposition Process and Your Involvement in the Review

What are the Steps in Disposition Process?

The oil and gas disposition process includes five major steps (see enclosed brochure “*Yukon Oil and Gas, One Step At A Time*”):

- Internal interdepartmental review
- Consultations with First Nations
- Call for Nominations
- Public Review
- Call for Bids and Issuance of Dispositions

These steps take the government from looking at a general area in which dispositions could be issued to identifying the specific location in which they will be issued. The steps allow important concerns and issues relating to the proposed dispositions to be identified before putting them up for competitive bidding. From start to finish the process can take from eight to ten months.

We are now on step four, the public review process.

What is the Purpose of the Public Review Process?

Through the first two steps, the Yukon government identifies areas in which oil and gas rights could be made available. Through the third step, oil and gas companies are asked to identify areas that may be of interest to them from the geological perspective. In identifying areas of interest, companies may be aware of environmental, surface and other issues but their main concerns will be on the oil and gas potential. It is the role of government to balance the potential for developing oil and gas with other interests, including the need to protect the environment, ensure Yukoners benefit, and minimize conflicts related to land use and other values.

An important vehicle through which the government attempts to balance oil and gas development with other interests is the public review process.

The purpose of the review is to determine environmental, surface access, and socio-economic concerns that could arise as a result of activities or operations conducted pursuant to a proposed disposition if it were issued for the nominated area.

The public review does not replace the environmental review that will be required when a company applies for a license to conduct an activity under the *Licensing Administration Regulation*. The public review helps to identify any specific issues or concerns that should be

taken into account in preparing the call for bids. Depending on the nature of these concerns, conditions may be announced in the call which, for instance, may state that an activity may not be permitted in certain times of the year, or within a certain distance from roadways. In some circumstances it may result in specific areas being excluded from the disposition.

Who is Involved in the Review?

The public, First Nations in whose traditional territories the nominated area is located, and Yukon government departments are involved in the process.

How Can You Become Involved?

In order to balance development with other important interests, the government wants to know what is of concern to Yukoners. You can help by letting us know your concerns and issues and your suggestions on how to address them. You may submit your comments to government in any manner you wish. It would be useful, however, if you addressed 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, or the quality of life?
- ***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 (for instance, after migration southward, when the waterfowl are not present) or by having companies conduct activities differently (for instance by using heliseismic instead of traditional seismic).
- ***Manner of addressing concern.*** At which point and through what instrument should your concerns be addressed? Should the government issue a notice or place a condition in the call for bids? Should the government deal with the concerns when an application for an activity license is being reviewed?
- ***Recommendation.*** What is your recommendation on how the government can best address your concern?

How long is the Review Open?

The deadline for submitting input and recommendations for the public review is **noon Friday, September 21, 2001.**

What Happens After the Review?

At the close of the review period, the government will consider all representations and recommendations 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 were asked to participate in the review.

The Minister will review the report and make a decision on whether to proceed with a call for bids and, if proceeding, under what terms and conditions the call for bids will be issued.

The call for bids, which is expected to be announced in early October 2001, will officially launch the final step in the disposition process. It will be given through public notice and 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 successful bid announced. A permit will then be issued to the successful bidder.

Information on Nominated Parcel

Location of Nominated Parcel

Figure 1 shows the location and configuration of the nominated parcel. The parcel occupies an area in the Peel Plateau near 66 degrees north latitude and 134 degrees west longitude, just south of the Arctic Circle. It consists of 155 sections with an area of approximately 40,200 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 100 kilometers to the northwest of the parcel. Fort McPherson lies on the Peel River approximately 150 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% 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.

Rivers and Lakes

The Peel River cuts through the southeast corner of the nominated parcel. Several tributaries of Caribou River flow through the parcel. Turner Lake, in the northeast quadrant, is the largest lake in the parcel.

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.

Oil and Gas Dispositions

No oil and gas dispositions are in effect in or contiguous to the nominated parcel.

Oil and Gas Activity

Figure 2 shows seismic lines and the location of wells in the Peel Plateau area. The Peel Plateau area has remained inactive for the past 23 years. Eighteen wells were drilled in the 1960s and 1970s. One of these wells, the Shell Peel River I-21 lies abandoned within the nominated parcel; the other wells were drilled within a 100 kilometers radius of the nominated parcel.

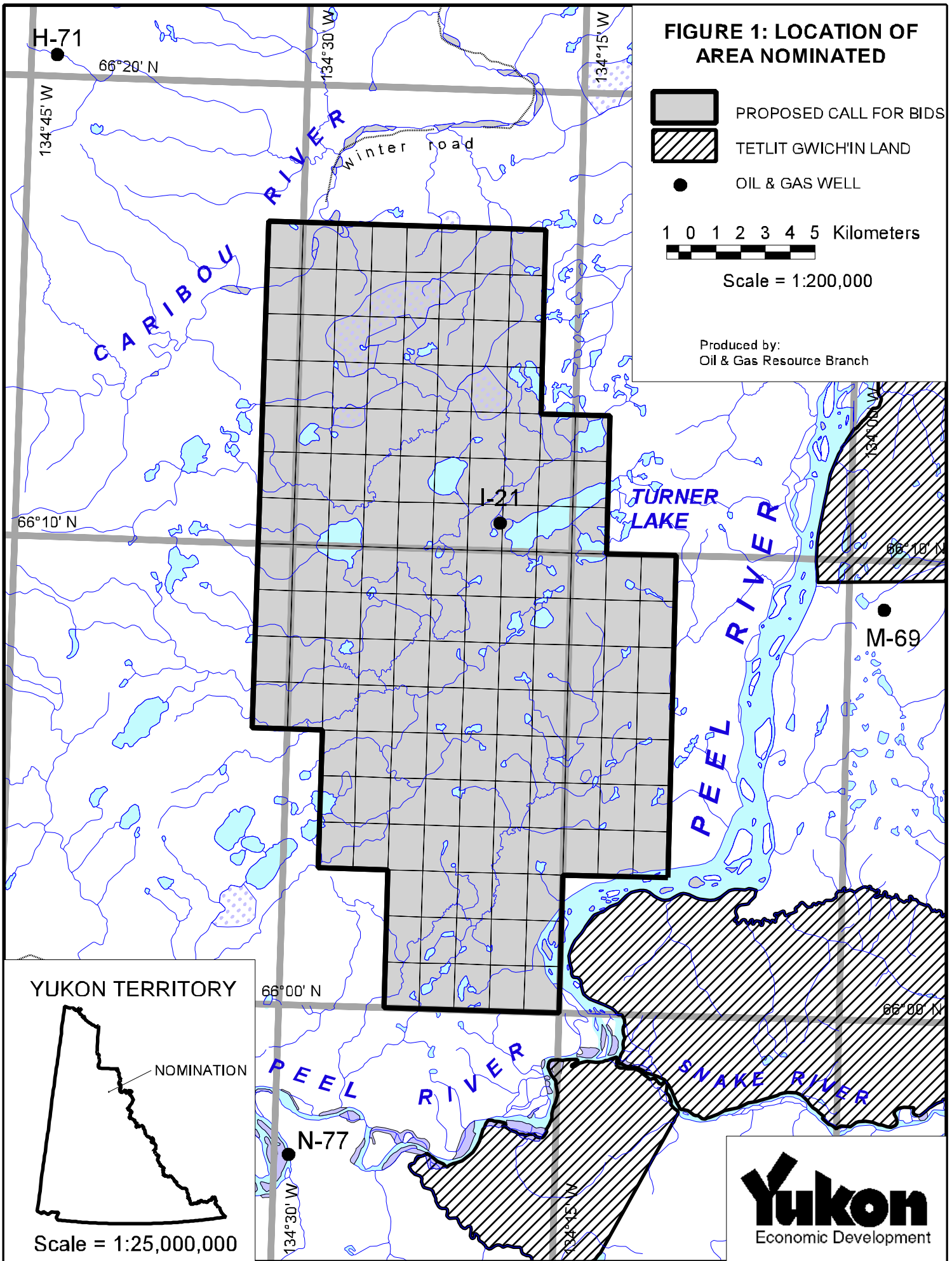


Fig. 1

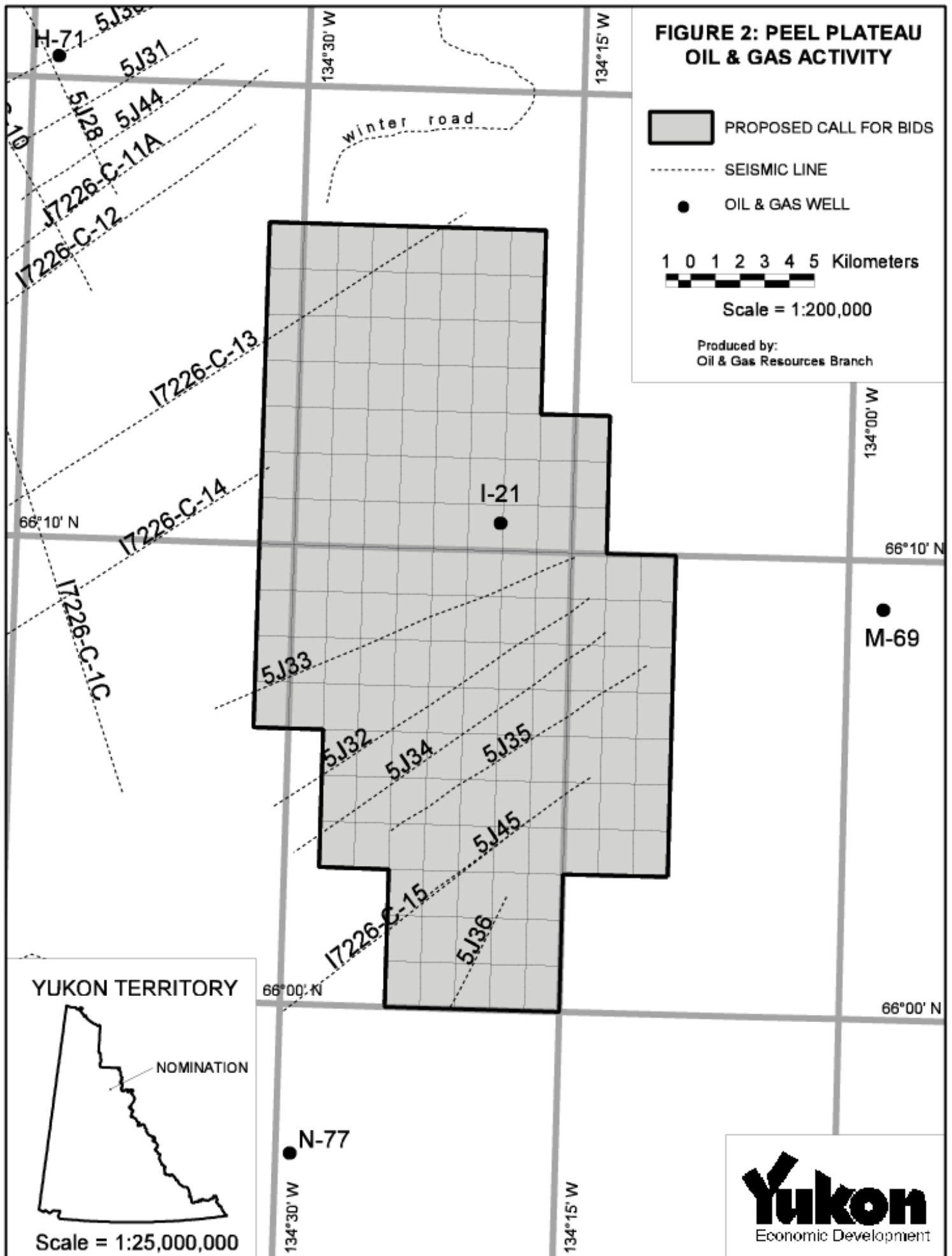


Fig. 2