

Oil and Gas Business Development and Pipeline Fact Sheet

This fact sheet explains the role of the Oil and Gas Business Development and Pipeline Branch of the Department of Energy, Mines and Resources (EMR).



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Services and Responsibilities

The Oil and Gas Business Development and Pipeline Branch of the Department of Energy, Mines and Resources is mandated to encourage the development of Yukon's resource potential and emerging oil and gas industry. It is responsible for:

- promoting northern infrastructure development, such as pipelines;
- coordinating employment and training initiatives;
- supporting the growth of Yukon's service and supply sector;
- negotiating benefits agreements;
- marketing Yukon's resource potential and development activities;
- managing Yukon's interests in offshore Beaufort Sea development;
- negotiating shared offshore management with Canada;
- liaising with industry; and
- representing the Yukon government on intergovernmental committees dealing with oil and gas and pipeline matters.

The Branch's medium term objectives are to:

- create and maintain an investment climate that encourages exploration and development of Yukon's oil and gas potential;
- support growth in the capabilities of Yukon companies to service the needs of the oil and gas industry in Yukon and across the north;
- identify and encourage training and employment opportunities in the oil and gas industry for Yukon residents;
- ensure competitive access for Yukon resources to northern pipelines; and
- ensure that regulatory processes for oil and gas exploration, development and transmission are effective, efficient and competitive.

Q&As - Oil and Gas Business Development and Pipeline Branch

What is the difference between oil and gas resource management and oil and gas business development?

The Department of Energy, Mines and Resources carries out two primary functions to support integrated management of Yukon's natural resources. One is to ensure that development of Yukon's resource endowment provides economic opportunities for Yukon residents and businesses. The other is to ensure that these resources are managed in accordance with appropriate legislation and regulations. The business development function is focused on industrial and economic development, while resource management is largely concerned with licensing and regulation.



Does development of oil and gas make a contribution to Yukon's economy?

Absolutely. We already export natural gas from Kotaneelee gas field in southeast Yukon. Gas production from this field alone has produced royalty revenue exceeding \$30 million since 1991.

The median natural gas potential of the Eagle Plain Basin is about 6 trillion cubic feet (tcf.) Although this is a statistical estimate of undiscovered reserves, by comparison it is the same order of magnitude as the discovered reserves of the Mackenzie Delta. The Eagle Plain reservoir is considered by the Geological Survey of Canada to be one of the most attractive natural gas "plays" in the north. The proximity of the Mackenzie Valley Pipeline would make it even more attractive to explorers. If it was produced, it would generate \$40 to \$50 million per year of royalty revenue for the Yukon government and First Nations as well as providing employment, provision of goods and services and business opportunities.

What is the relationship between the proposed Mackenzie Valley and Alaska Highway pipeline projects?

Rising demand for natural gas combined with declining production across North America has attracted industry's interest in the resource potential of the north. Significant quantities of natural gas have been discovered in Alaska, Yukon and the Northwest Territories.

A **Mackenzie Valley Gas Project** would transport about 1.2 to 1.9 billion cubic feet (bcf) a day of natural gas to market, some originating in the Mackenzie Delta and some originating to the south of the delta. A Mackenzie Valley pipeline may represent the best option for developing natural gas resources in areas of north Yukon like Eagle Plain. The costs of construction to connect north Yukon gas to the Mackenzie pipeline are lower than any other alternative.



The **Alaska Highway Pipeline Project** would be much larger, transporting between 4.5 and 5.6 bcf per day of gas largely from the North Slope of Alaska. It may be the best option for developing other areas of natural gas potential in Yukon such as the Whitehorse Trough. These projects are not competitors. Both are needed and Yukon will benefit from both projects.