

Oil & Gas: The Yukon Connection

Did You Know?

The construction and operation of the Alaska Highway Pipeline Project is expected to generate up to 375,000 person years (2002 Informetrica study) of employment within the Yukon and Canada over a 24-year period, and pump billions of dollars into the Canadian and Yukon economies.

Did You Know?

The Yukon's total natural gas potential is estimated at 20 trillion cubic feet which is equivalent to the area inside 20 trillion basketballs. The Yukon's crude oil potential is estimated at 900 million barrels.

Recipe to Make Oil & Gas

Take a few million years of tiny marine plant and animal life, mix well into shallow water, cover with a few kilometres of rock and bake at more than 1000° C for a few hundred million years. Drill and produce when done.

Two pipelines will maximize benefits to the Yukon

The Yukon government supports the construction of both the Alaska Highway Pipeline Project and the Mackenzie Gas Project.

"We see both projects as being good for the North – the Yukon and N.W.T.; good for Canada; and, in fact, good for the North America gas market," says Brian Love, director of the Oil and Gas Business Development and Pipeline branch. "These projects would create business and employment opportunities and open up our oil and gas basins."

However, that's not to suggest that the spin-off benefits of the two projects would be exactly the same.

"Of course, because the Alaska project is bigger and because it runs through our jurisdiction, it is going to have much more impact in terms of employment and business opportunities," Love explains. "It is also going to generate property taxes, which is an important ongoing source of revenue."

Furthermore, the pipeline could supply affordable, efficient energy to the Yukon's residential, commercial and industrial sectors, advancing the territory's economic development. It could also stimulate the development of the Yukon's oil and gas basins along the route.

"That will result in direct royalty revenue for the Yukon government and First Nations," Love explains.

This first edition of the *Connection* contains excerpts from the series of articles recently published in the Yukon News. In future editions, we will be bringing you up-to-date on oil and gas activity, new initiatives, pipeline developments and more.

For more information visit our Web site at

www.yukonoilandgas.com

Contact: (867) 667-5809 or 1-800-661-0408, ext. 5809

All photos courtesy of Government of Yukon

Yukon
Energy, Mines and Resources

In North Yukon, potential natural gas resources lie within connection distance of the proposed Mackenzie Valley pipeline. If explored and developed, these resources could eventually generate more than \$40 million a year in royalties for the Yukon and First Nation governments.

With this in mind, the Yukon government is intervening in the Mackenzie Valley pipeline public hearings. It wants to ensure that policies related to extensions, laterals, tolls and tariffs won't restrict the eventual flow of Yukon gas.

"If there is a pipeline, that goes hand-in-hand with companies wanting to carry out further exploration," says industry expert George Sutherland of the Canadian Petroleum Training Institute.

"I think it doesn't matter which pipeline project goes ahead first," Sutherland says. "The truth is, if either one of those is built, I think it will be a general catalyst to encourage investment and development of the hydrocarbon resources of the North."

To view the entire article and to learn about the types of careers in the oil and gas sector, visit our Web site at

www.yukonoilandgas.com

Best Management Practices – Oil & Gas Industry

The Yukon government is working to develop an oil and gas Best Management Practices model that oil and gas companies can use when planning to work in the Yukon. The practices will take into consideration ecological, traditional and social values.

Today's oil and gas companies often take the lead in incorporating environmental principles, public concerns and local and traditional values into their exploration programs.

The industry recognizes that while seismic lines may be necessary, additional disturbances related to their construction can be limited. For example, many companies rely on air rather than ground access into new areas, utilize biodegradable materials, employ biologists to monitor wildlife and train workers to avoid important habitat features.

A Best Management Practice is any practice that reduces the impact or 'footprint' of development on the land.

To view the entire article, visit our Web site at

www.yukonoilandgas.com

Heli-portable low-impact seismic work in Eagle Plain



See the Opportunity

Oil & Gas: The Yukon Connection

YUKON'S OIL & GAS INFORMATION RESOURCE • NUMBER 1 • SEPTEMBER 2005

Opportunities abound with Yukon oil and gas activity



Vibreosis trucks conduct seismic work near Carmacks, Yukon as part of the Yukon Geological Survey's resource assessment work in the Whitehorse Trough basin.

Renewed oil and gas activity in the Yukon is creating opportunities for Yukoners and is promising long-term benefits, including millions of dollars in royalties for the Yukon and First Nation governments.

Northern Cross Yukon Ltd. offers one exciting prospect. This small Calgary-based energy company is interested in three oil wells in the Eagle Plain Basin near the Dempster Highway.

"We think there is an opportunity to take oil resources that are adjacent to the highway right from the raw product in the ground to end-use consumption, all within the Yukon," says company president David Thompson. "And that is an opportunity to provide jobs, employment, royalties—those sorts of economic benefits—to people in the Yukon."

Northern Cross isn't the only Calgary-based player with plans for Yukon activity.

Hunt Oil has applied to the Yukon government to conduct a 3-D seismic survey on their disposition in the Peel Plateau which they expect to start in January of 2006. "There will be training and employment from this project, as well as opportunities for the supply of goods and services," says John Masterson, director of the Yukon government's Oil and Gas Management branch.

A Mackenzie Valley pipeline would offer a viable way to transport any natural gas discovered in the Peel Plateau and Eagle Plain to market. It is estimated that the two basins could contain a volume of natural gas similar to what has already been discovered in the Mackenzie Delta in the N.W.T.

"The moderate oil and gas activity in the territory presents us with a real opportunity," Masterson says. "Yukoners can begin to build their capacity and knowledge about the oil and gas industry before it really takes off."

To view the entire article, visit our Web site at

www.yukonoilandgas.com



Recently the Yukon government, as part of its Abandoned Well Inspection Program, cooperated with the Gwich'in Tribal Council (GTC) of N.W.T. to conduct a re-inspection of abandoned wells in the Peel Plateau. Shown here are Richard Corbet, Chief Operations Officer for the Oil and Gas Management branch and Dwayne Semple, the Assistant Lands Manager for the GTC.

To view an article about the Peel Plateau abandoned wells inspection, visit

www.yukonoilandgas.com

Resource assessments indicate Yukon's large oil and gas potential

It is no secret that the Canadian petroleum industry is eager to tap the North's potential for oil and natural gas. A significant amount of this potential, especially for natural gas, is found here in the Yukon.

The Yukon's total natural gas potential is estimated at 20 trillion cubic feet. "That is an amount of gas on which the Yukon can build a meaningful oil and gas sector," says John Masterson, director of the Yukon government's Oil and Gas Management branch.

Estimates of the Yukon's oil and gas potential come from petroleum resource assessments. These assessments rely on complex analyses of geological information about basins of sedimentary rock where oil and gas were likely formed millions of years ago.

"The rock structures of the Western Canada Sedimentary Basin, which is Canada's big oil and gas producer right now, track right across the Yukon," Yukon Geological Survey project geologist Lee Pigage explains. "So, there is no reason to think there wouldn't be the potential for oil and gas in the Yukon as well."

"It is an educated guess and a conservative one at that," Pigage admits, though he adds that it usually comes with an upside.

In Alberta, for example, increased exploration and development activity prompted a recent 12 per cent hike in the estimate of the province's natural gas resources.

"If that is any indication, I think that Yukon geologists are setting some base-markers and hopefully in the long run, our oil and gas potential will only increase," Masterson says.

Nevertheless, his optimistic view of the future is also a realistic one.

"We're not going to be an Alberta, but we'll be a small oil and gas jurisdiction," he says. "There is certainly a significant quantity of oil and gas potential in the territory that makes it worthwhile to develop an oil and gas regime and help our economy in a real way."

To view the entire article, visit our Web site at

www.yukonoilandgas.com

