

**Government of Yukon
Call for Nominations # 3
North Yukon
May 17 – July 18, 2001**

Table of Contents

Call for Nominations

- Yukon Call for Nominations # 3: North Yukon
- Call for Nominations Attachment 1: Further information
- Call for Nominations Attachment 2: Guidelines for requests for posting parcels in Yukon and Posting Request Form
- Call for Nominations Attachment 3: Map of North Yukon

Draft Yukon Call for Bids # 3

- Information pertaining to the Yukon proposed Call for Bids # 3

Call for Nominations # 3: North Yukon

**(REQUEST FOR POSTINGS)
OPENING AT 9 A.M. (PDT) ON MAY 17, 2001
AND CLOSING AT 4 P.M. (PDT) ON JULY 18, 2001**

1. Call for Nominations

The Minister of Economic Development hereby calls for the submission of nominations for the sale of oil and gas rights located in North Yukon. A map of the area is attached for reference (Attachment 3).

Posting requests received between 9 a.m., Pacific Daylight Saving Time (PDT), on May 17, 2001 and 4 p.m. (PDT), on July 18, 2001 will be considered by the Minister for inclusion in a Call for Bids tentatively scheduled to be issued in mid-September 2001. Preliminary information pertaining to the proposed Call for Bids is attached (see Draft Yukon Call for Bids #3).

2. Content of Posting Requests

All posting requests must be made on the Posting Request Form and described in accordance with the Guidelines for Posting Requests in Yukon (Attachment 2). Each parcel posted shall be comprised of laterally or diagonally contiguous blocks.

The minimum size of the parcel(s) is one (1) section; the maximum size is one hundred and sixty (160) sections (the equivalent of 2 grid areas).

3. Submission of Posting Requests

All requests should be submitted by fax between 9 a.m. (PDT) on May 17, 2001 and 4 p.m. (PDT) on July 18, 2001. Each request should be addressed as follows:

"Request for Posting # 3: North Yukon"
Attention: Division Head
Oil and Gas Resources Branch
FAX: (867) 393-6262

To ensure confidentiality, requesters are advised to give prior notice of their intent to submit a fax by calling (867) 667-3427 immediately prior to transmission. Telephone confirmation will be provided, if requested, upon receipt of the fax. Only the fax copy is necessary; original copies are not required.

All requests received will become property of the Government of Yukon and will not be returned. All information concerning the company requesting the posting will remain confidential. However, under the review process to be followed before the Call for Bids, the public will be informed of the locations being requested and invited to make representations with respect to any environmental, socio-economic or surface access concerns.

4. Priority of Posting

Priority of posting will be determined by order of receipt. Time of receipt will be that recorded by the fax machine of the Oil and Gas Resources Branch in Whitehorse. In case of overlapping requests, the first to be received will have priority. The second requester will be informed of the area remaining in the request, which does not overlap a prior nomination. The second and subsequent requesters will be required to state whether they would like to maintain their posting on the remaining lands or withdraw the request.

5. Specific Considerations

5.1 First Nation Lands

Only areas subject to the administration and control of the Government of Yukon will be considered. All First Nation lands within the call areas are excluded from the sale.

5.2 Licensing

Before conducting any activity (seismic, drilling of a well, etc.), operators must obtain the required licence pursuant to the Yukon *Oil and Gas Act* and its regulations. At the time of issue of this Call, the relevant regulations (*Licence Administration Regulations*, *Geoscience Exploration Regulations*, and *Drilling and Production Regulations*) were all in draft form.

Companies making requests are advised that an environmental review process will be included in consideration of any licence application.

Concluding a benefits agreement may be required to obtain a licence. For details on the benefits requirements see the draft Call for Bids.

5.3 Review Process

Companies making requests are advised that after the Call for Nominations and before the Call for Bids, the requested areas will be subject to a public review process (see sections 6-8 of the *Oil and Gas Disposition Regulations*) which involves the public, First Nations and Yukon Government departments. This may result in changes being made to the draft Call for Bids, and additional operating terms and conditions being required at the activity stage.

Seasonal or operational limitations may be established. For example, the work season may be restricted to those months when the proposed type of activity will not have a significant impact on sensitive fish and mammal habitats, birds or other species and there may be conditions relating to drilling fluids and waste discharges. In addition, site-specific environmental protection plans will be required prior to the commencement of activity.

5.4 Heritage Resources

Companies making requests are advised that activity may be prohibited on identified cultural, historic, archeological, and burial sites.

5.5 Special Conditions

Should companies require any special conditions, pursuant to section 5(2) of the *Oil and Gas Disposition Regulations*, these must be identified in the posting request.

6. Process after Call for Nominations

Requests submitted pursuant to the Call for Nominations will be subject to the following process to determine environmental, socio-economic, and surface access concerns:

- Information pertaining to the area requested for postings will be published and the public will be invited to make representations to the Division Head.
- The request will be referred to Yukon Government departments that would be directly affected by or have administrative responsibilities related to activities or operations to be conducted, and to First Nations in whose traditional territories the location of the proposed disposition would be situated.
- The Division Head will, after considering information obtained from the public, First Nations and Yukon Government departments, prepare and submit a report and recommendations to the Minister on whether to proceed to a Call for Bids and under what terms and conditions.
- The Minister will make a decision regarding the request after considering the Division Head's report and recommendations.

7. Resulting Call for Bids

The company that requested the posting of a parcel(s) is expected to submit a bid(s) at the sale following the Call for Bids. The Minister reserves the right to refuse future posting requests by that company if a bid is not submitted.

The Minister is not obliged to proceed with a Call for Bids for any lands posted.

*Pat Duncan, Minister
Economic Development
Government of Yukon*

Call for Nominations Attachment 1: Further Information

Additional information may be obtained from sources identified below.

Maps, Legislation and Regulations, General Oil and Gas Information

Additional copies of the Call for Nominations package, detailed call area maps, copies of the *Oil and Gas Disposition Regulations*, and other regulations made pursuant to the *Yukon Oil and Gas Act*, and general information on Yukon oil and gas, may be obtained from the following sources:

1. The Yukon Oil and Gas Resources website at www.yukonoilandgas.com
2. Oil and Gas Resources Branch
Yukon Department of Economic Development
Suite 209, 212 Main Street
Whitehorse, Yukon
Y1A 2B1
Tel: (867) 667-3427
Fax: (867) 393-6262

Rights Issuance Process and Resource Management Regime

For more information on this call, the rights issuance process or the resource management regime, please contact:

John Masterson
Manager
Oil and Gas Resources Branch
Yukon Department of Economic Development
Suite 209, 212 Main Street
Whitehorse, Yukon
Y1A 2B1
Tel: (867) 667-5026 Fax: (867) 393-6262
E-mail: John.Masterson@gov.yk.ca

Geological, Well, and Environmental Information

To obtain geological, well, environmental, and surface (burial, archeological, historic sites), information with respect to the call area and/or lands surrounding it, please contact:

Riona Freeman
Senior Petroleum Geologist
Oil and Gas Resources Branch
Yukon Department of Economic Development
Suite 209, 212 Main Street
Whitehorse, Yukon
Y1A 2B1
Tel: (867) 667-8525 Fax: (867) 393-6262
E-mail: Riona.Freeman@gov.yk.ca

Surface Access and Land Use Permitting

For more information on surface access and land use permitting, please contact:

Marg White
Head, Land Use
Government of Canada
Department of Indian Affairs and Northern Development
Room 345, 300 Main Street
Whitehorse, Yukon
Y1A 2B5
Tel: (867) 667-3173 Fax: (867) 667-3196
E-mail: whitem@inac.gc.ca

Call for Nominations Attachment 2: Guidelines for Posting Requests in Yukon and Posting Request Form

These guidelines, which are to be used in filing the attached Posting Request Form, summarize the land description system for parcels in Yukon. For more detailed information see Sections 2, 3 and 4 of the Yukon *Oil and Gas Disposition Regulations*.

For the purposes of posting parcels, land areas are divided into **grids** and grids into **sections**.

Grids are bounded to the east and west by successive meridians of longitude. The boundaries are spaced every 15' of longitude (e.g., 134° 00' W and 134° 15' W).

To the north and south, the boundaries of grids are defined by parallels of latitude joining the points of intersection of their east and west boundaries with successive parallels of latitude spaced every 10' (e.g., 65° 00' N and 65° 10' N). Every grid area is referred to by the latitude and longitude co-ordinates of its northeast corner (e.g., 65° 10' N, 134° 00'W).

A grid is divided into 80 sections. A section is bounded to the east and west by meridians. The boundaries of the sections are spaced at intervals of 1/8 of the distance between the east and west boundaries of the grid.

To the north and south, the boundaries of sections are defined by parallels of latitude spaced at intervals of 1/10 of the distance between the north and south boundaries of the grid.

The sections are numbered and each is referred to by its number (Figure 1).

Figure 1. Grid with 80 Sections

80	70	60	50	40	30	20	10
				39			
				38			
				37			
				36			
75	65	55	45	35	25	15	5
				34			
				33			
				32			
71	61	51	41	31	21	11	1



POSTING REQUEST

Economic Development
Oil & Gas Resources Branch (F-4)
Box 2703, Whitehorse, YT Y1A 2C6

Tel: 867-667-3427
Fax: 867-393-6262
www.yukonoilandgas.com
john.masterson@gov.yk.ca

To be completed by the Yukon Oil
and Gas Resources Branch:

Date Received:

Call for Nominations

Call Location:

Call Date:

Closing Date:

Client Information

Company:

Contact Name: Title:

Address:

Province/Territory Postal Code

Telephone:

Fax:

E-mail:

Tract

NTS Quad(s):

Grid Area(s):

Section(s):

Number of Sections:

Total Number of Sections:

Notes

Name:

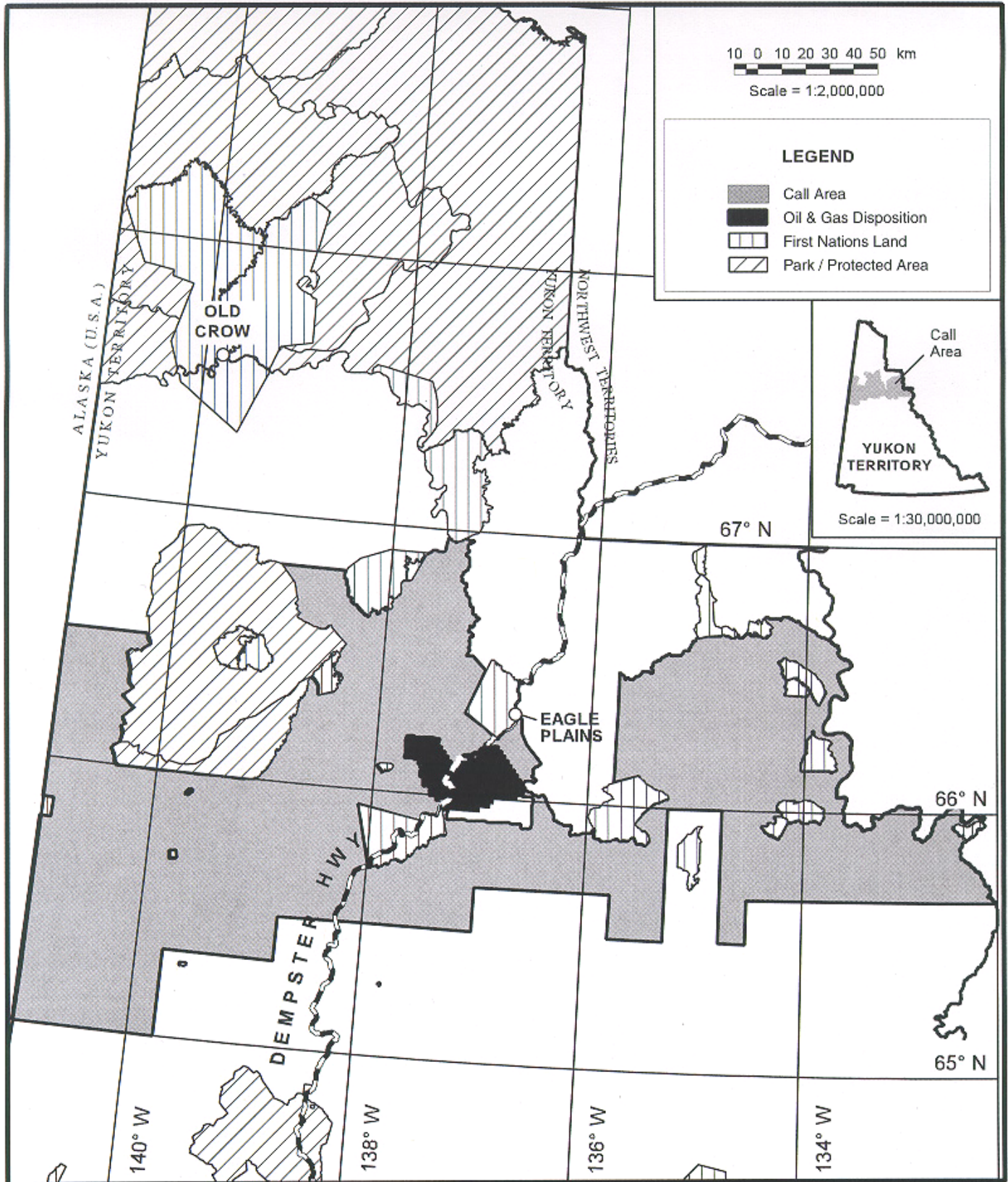
Title:

Signature: _____

Date:

Call #:
Nomination #:
Client I.D. #:
Tract #:

Call for Nominations: Map of North Yukon Call Area



THIS MAP IS FOR ILLUSTRATIVE PURPOSES ONLY.
1:500,000 MAP AVAILABLE UPON REQUEST.

Draft Yukon Call for Bids # 3

The following preliminary information in the form of a “Draft Call for Bids” is provided so that industry and the public are aware of the main elements of the Call for Bids. The actual terms and conditions of the Call for Bids may differ as a result of the review process held after the Call for Nominations.

1. Call for Bids

The Yukon Minister of Economic Development (Minister) hereby makes a call for the submission of bids for the sale of oil and gas rights in respect of the parcel described in Schedule 1.

This Call for Bids is made pursuant to and subject to the Yukon *Oil and Gas Act* and the *Oil and Gas Disposition Regulations*.

The dispositions will grant rights only to oil and gas under the administration and control of the Government of Yukon, and will respect the rights of First Nations under land claims agreements.

Any submission of a bid in response to this Call for Bids shall be made with the understanding that the person(s) submitting the bid accepts and agrees to the terms and conditions in this Call for Bids. Any bid submitted that does not conform to the terms and conditions provided in this Call for Bids will not be considered by the Minister.

2. Submission of Bids

Sealed bids must be delivered, either by registered mail or in person, to the following address prior to **4:00 P.M., Pacific Standard Time, on Wednesday, November 21, 2001**:

Oil and Gas Resources Branch
Yukon Department of Economic Development
Suite 209, 212 Main Street
Whitehorse, Yukon
Y1A 2B1

Each bid submitted in response to this Call must be addressed to the Minister of Economic Development and be in double sealed envelopes bearing no corporate identification. The outer envelope should be clearly marked as follows: “Yukon Call for Bids #3”. The inner envelope should be clearly marked as follows: “Yukon Call for Bids #3: bid for parcel [number]”.

The Bid Submission Form (Call for Bids Attachment 1) must be completed and accompany the bid.

To be accepted, a bid must be accompanied by a separate financial instrument in respect of the Work Deposit (clause 8) and the issuance fee (clause 5).

3. Bid Selection Criterion - *Oil and Gas Disposition Regulations, section 9*

The successful bid will be selected on the basis of a single criterion, namely, the total amount of money that the bidder proposes to spend doing exploratory work on each parcel within the initial term of the permit (Work Proposal Bid).

4. Minimum Bid

Work proposal bids of less than \$1 million for the parcel will not be considered.

5. Issuance Fee – *Oil and Gas Disposition Regulations, Schedule 1*

An issuance fee of \$500 must be submitted with the bid by separate cheque made payable to the Government of Yukon.

6. Term – *Oil and Gas Act, section 31*

Subject to the *Oil and Gas Act*, the initial term of a permit will be six (6) years with a right of renewal and, if the permit is renewed, the renewal term will be four (4) years. Section 35 of the Act provides for extensions of the initial term and the renewal term by reason of drilling.

7. Work Requirement – *Oil and Gas Act, section 34*

The drilling of one (1) exploratory or delineation well prior to the end of the initial term is a requirement for obtaining a renewal for a second term.

Such a well should reach a depth sufficient to evaluate a prospective horizon as described in the geological prognosis in the application for a Well Licence.

Where an initial term is extended by reason of drilling, the second term shall be reduced accordingly.

Failure to drill a well in the location of the permit by the end of the initial term will result in the termination of the permit.

8. Work Deposit – *Oil and Gas Disposition Regulations, sections 9, 12*

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

Form of Payment

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, or any other negotiable financial instrument approved in advance by the Division Head. Failure to receive pre-approval may result in disqualification of the bid. The Division Head may be reached at (867) 667-3427. Non-certified company cheques are not considered negotiable financial instruments for this purpose.

Bank drafts, money orders and certified cheques of successful bidders will be deposited while those of unsuccessful bidders will be returned. Work deposits of successful bidders may be replaced, at their convenience, by letters of credit, promissory notes accompanied by bank letters of guarantee, or other negotiable financial instruments satisfactory to the Minister.

As expenditures are incurred during the initial term of the permit, Work Deposits are refundable at the rates established in the attached Schedule of Allowable Expenditures (Attachment 2). Since Work Deposits represents 25% of the total amount bid for a parcel, refunds are likewise prorated on the basis of 25% of allowable expenditures incurred.

Any Work Deposit balance remaining at the end of the initial term will be forfeited.

Expenditures incurred in the second term of a permit will not be credited against the Work Deposit.

9. Rentals - *Oil and Gas Disposition Regulations, section 29*

There are no rentals payable during the initial term of a permit.

In the second term, rentals will be payable at \$5.00/hectare

Rentals will be payable annually, in advance, and are to be submitted by electronic funds transfer, cheque payable to the Government of Yukon, or any other negotiable financial instrument in a form satisfactory to the Minister.

When a permit continues in force beyond the second term due to the drilling of a well, rentals will be payable at the rate applicable during the second term. Such rentals will be payable monthly, in advance, at the rate of one twelfth (1/12) of the annual rate.

Failure to pay rentals will result in the early termination of the permit.

10. Allowable Expenditures – *Oil and Gas Disposition Regulations, sections 9, 12*

Attachment 2 contains the Schedule of Allowable Expenditures to be used in determining refunds of Work Deposits.

11. Acceptance/Rejection of Bids – *Oil and Gas Act, section 18*

For the purpose of issuing a permit, the Minister will choose the highest bid in terms of the single bidding criterion (Work Proposal Bid). The Minister is not bound to select any bid submitted.

Bids will be accepted only in relation to the entire parcel.

Bidding results will be made available as soon as possible following the closing of the call.

12. Related Requirements

The exercise of oil and gas exploration rights will be subject to Yukon policy and regulatory requirements noted in this section. In addition, bidders are advised that surface access and activities will be subject to federal land use planning requirements.

Before conducting any activity (seismic, drilling of a well, etc.), operators must obtain the required licence pursuant to the Yukon *Oil and Gas Act* and its regulations.

The Government of Yukon is committed to administrative simplicity and efficiency and will, to the greatest extent possible, adhere to a streamlined one window licensing process and coordinate the review of oil and gas applications and submissions through one entity.

12.1 Requirements Relating to the Environment

Operators wishing to carry out activities will be required to comply with all Yukon requirements, and federal environmental requirements stemming from the *Canadian Environmental Assessment Act*, and other applicable legislation.

Specifically, companies may be required to conduct environmental impact assessments, including cumulative impact assessments of oil and gas development. These assessments may result in

measures intended to maintain the habitat of the Porcupine Caribou herd; protect the integrity of watershed; and maintain tourism values and the aesthetic appeal of the landscape.

The work season may be restricted to those months when the proposed type of activity will not have significant environmental impact on sensitive fish and mammal habitats, birds or other species and there may be conditions relating to drilling fluids and waste discharges.

Companies may be required to prepare site-specific environmental protection plans prior to the commencement of activity. These plans would describe the necessary procedures the operator would take to minimize any environmental impacts to sensitive fish and mammal habitats, birds or other species in the region.

12.2 Yukon Benefits Requirements

Companies applying for a licence may be required to conclude benefits agreements and shall adhere to the Yukon benefits requirements outlined in Call for Bids Attachment 3.

12.3 Heritage, Cultural, Archeological Requirements

Companies are advised that activity may be prohibited on identified cultural, historic, archeological, and burial sites. Companies applying for a licence will be required to conduct a heritage resource impact assessment to determine the location of heritage, cultural and archeological resources and possible impacts the proposed activity may have on them. A plan to mitigate such impacts may be required.

12.4 Socio-Economic Impact, Notification, and Compensation

Oil and gas operators will be required to assess the socio-economic impact of the proposed activity.

Operators will be required to consult with owners and occupants of land and others who will or may be adversely affected by operations to be conducted under authority of a proposed licence.

Operators will be expected to provide fair and equitable compensation, consistent with applicable territorial policies, to owners and occupants of land and others in the event of adverse impacts demonstrated to result from project-related activities.

12.5 Road and Surface Access

Companies planning to construct access roads will be required to obtain appropriate permits and licences.

12.6 Best Practices

Yukon is working to develop a code on “best practices”. In future, operators will be required to conduct operations based on such a code.

13. Permit

Any permit which may result from this Call for Bids will be issued pursuant to the Yukon *Oil and Gas Act* and the *Oil and Gas Disposition Regulations*.

**Call for Bids Schedule 1:
(Note: To be added after Call for Nominations)**

**Parcel(s) Available for Yukon Call for Bids #3
Parcel Number**

QUAD	GRID AREA	SECTIONS
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Total Sections =
Total Area = xxx hectares more or less.

Map of Parcel Area



Economic Development
Oil & Gas Resources Branch (F-4)
Box 2703, Whitehorse, YT Y1A 2C6

Tel: 867-667-3427
Fax: 867-393-6262
www.yukonoilandgas.com
john.masterson@gov.yk.ca

Call for Bids Attachment 1: BID SUBMISSION FORM

For Branch Use Only:

Date Received:

CALL FOR BIDS:

Bid Location:

Call Date:

Closing Date:

CLIENT INFORMATION:

Company Representative:

Company:

Address:

City, Province/Territory: Postal Code:

Telephone:

Fax:

E-mail:

BID DETAILS:

Amount of Work Proposal Submitted:
(Minimum amount of \$1,000,000)

Work Deposit Submitted:
(25% of the Work Proposal Bid)

Form of Deposit: Certified Cheque Bank Draft
 Money Order Other pre-approved form _____

If this bid is not accepted, the work deposit should be returned to:

Company:

Address:

Province/Territory: Postal Code:

Registered Mail Courier Collect Other _____

If this bid is successful, please issue permit to:

<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>

Land Sale #:

Tract #:

Bid #:

Client I.D. #:

Accepted?:

Signed: _____ Title: _____

Name: _____ Date:

(To be added after Call for Nominations)

Call for Bids Attachment 2

Schedule of Allowable Expenditures

(note: claims may be subject to post audit)

Data Acquisition

Reflection seismic operations, including all costs relating to field acquisition, processing and interpretation:

2D surveys	\$15,000 per km
3D surveys	\$35,000 per sq. km
Participation surveys and group shoots as they relate specifically to evaluation of the Location.	At cost to the Permittee, not to exceed the above rates, and subject to pre-approval.
Other geophysical and geological programs or portion thereof, as they relate specifically to evaluation of the Location, such as gravity, aeromagnetic, helicopter portable seismic surveys and geological field studies.	On a case-by-case basis requiring pre-approval.

Data Purchase

Purchase of gravity, digiseis, and magnetic surveys.	On a case-by-case basis requiring pre-approval.
Purchase of seismic data for reinterpretation.	\$750 per km
Purchase of seismic data for reprocessing and reinterpretation.	\$1,500 per km

Studies

Geological, geochemical, paleontological and field environmental studies.	On a case by case basis requiring pre-approval.
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Drilling

Drilling operations while actively conducted. (This allowable expenditure includes all costs related to mobilization, demobilization, regional office and supervision, support vehicles, helicopters, etc.).	\$100,000 per day
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Overhead

Ten percent (10%) of the expenditures described above and allowed by the Minister pursuant to section 2 of this Schedule, to cover head office, management, pre-program and post-program costs.

Call for Bids Attachment 3: Yukon Benefits Requirements

Companies engaged in exploration activity in Yukon are expected to follow the requirements outlined below.

Benefits, Employment and Training

Section 68 of the Yukon *Oil and Gas Act* states that no oil and gas activity shall be carried out under the authority of a licence unless there is in effect a benefits agreement. The following summarizes the main requirements of section 68 of the Act:

- Normally, the agreement is to be tripartite, between the licensee, the Minister on behalf of the Government, and the Yukon First Nation on whose settlement land or traditional territory the activity will be carried out. However, it should be noted that if the activity is to be carried out exclusively on Yukon oil and gas lands other than Category B Settlement Land, a benefits agreement executed by the licensee and the Minister will be deemed to be a benefits agreement if there has been full and fair consideration of the views presented by First Nations.
- The agreement is to contain undertakings by the licensee to provide to the First Nation and its citizens, local community residents, and other Yukoners affected by the activity opportunities for employment and training, and opportunities to supply goods and services to the licensee and contractors.
- The benefits are to be commensurate with the nature, scale, duration and cost of the work. Where work related to the oil and gas activity is not anticipated to entail costs in excess of \$1,000,000 (one million dollars) in any 12-month period a benefits agreement is not required.
- The agreement may cover activities to be carried out under two or more licences.
- The requirement for an agreement may be waived under some circumstances.

Arbitration

If the activity is to be carried out exclusively on Category B Settlement Land and the parties are unable to agree on the contents of a benefits agreement, any party may submit the matter to arbitration and the arbitrator's award will be deemed to be a benefits agreement.

Consultation

A company will be expected to provide appropriate information concerning its exploration programs to concerned individuals, groups and communities in Yukon. Exchanging relevant information in a timely fashion will enable the company to assess the potential local economic and employment opportunities.

Reporting

As determined by the Division Head, a company will be required to report on its progress in achieving the benefits requirements.