
Public Review

Yukon Oil and Gas Disposition # 4

May 25, 2004

Background

Yukon's fourth call for nominations related to oil and gas rights was announced on March 8, 2004. It included two oil and gas basins, Eagle Plain and the Peel Plateau. Both basins were also included in earlier calls.

By the time the call closed on May 11, 2004, one parcel in the Peel Plateau was nominated.

Contents of this Review Package

This package has been prepared to assist those who will be involved in the review process for the nominated parcel. It consists of two parts. The first part explains the oil and gas disposition process and how you can become involved. It outlines the steps in the process, what has been done to date, what is involved in the public review, and how your comments will be used.

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. By phone, fax, email or visit to the Oil and Gas Management Branch of the Department of Energy, Mines and Resources:

Location: 300 –211 Main Street (3rd floor, above Shoppers Drug Mart)

Mail: P.O. Box 2703 (K-12)
Whitehorse, Yukon, Y1A 2B2

Tel: (867) 667-3427

Fax: (867) 393-6262

Email: oilandgas@gov.yk.ca

2. Visit the Energy, Mines and Resources website at www.yukonoilandgas.com. The information posted on this website includes resource assessments of the Yukon oil and gas basins, legislation and regulations and other information pertinent to oil and gas in Yukon.

Oil and Gas Disposition Process

And

Your Involvement in the Public Review

What are the Steps in Disposition Process?

Oil and gas rights are issued following a two-step process that ends with a Call for Bids on a specific parcel of land. The two steps are:

1. Call for Nominations

In preparation for Yukon's Call for Nominations, information is gathered from First Nations, government departments and stakeholder groups. Based on this information, the Yukon government prepares a draft map of the call area(s) being considered for a Call for Nominations and engages in government to government consultations with affected First Nations. Following the consultations, Yukon government will prepare and post the final Call for Nominations package.

2. Call for Bids and issuance of dispositions

A public review of the nominated parcels is conducted once the Call for Nominations has closed and industry has identified an area of interest within the boundaries of the call area. Based on the input received, the nomination area could be adjusted or certain conditions could be put in place before a map of the area(s) is posted and a call for bids is issued.

The Call for Nominations concluded on May 11, 2004 and we are now ready to start the public review.

What is the Purpose of the Public Review Process?

It is the government's role to balance the potential for oil and gas development with other interests, including the need to protect the environment and social values, ensure Yukoners benefit, and minimize conflicts related to other land uses. An important vehicle used to accomplish this goal is the public review process. The purpose of the review is to determine environmental, surface access, social and economic concerns that could arise as a result of activities or operations conducted pursuant to a proposed disposition.

The public review does not replace the environmental review required when a company applies for a license to conduct an activity under the *Licensing Administration Regulation*. The public review helps to identify any issues or concerns that should be taken into account when the Call for Bids is prepared. Depending on the nature of these concerns, the Call for Bids may contain certain conditions or caveats. For example, conditions may limit activity to certain times of the year, or within a certain distance from roadways and waterways. In some cases, specific areas may be excluded from the disposition.

Who is Involved in the Review?

The review involves First Nations, other government departments, community members and the general public

How Can You Become Involved?

You may submit your comments to the Oil and Gas Management Branch by mail, fax, or email. Our contact information is in the next section.

In preparing your input, we suggest you do 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; jobs for Yukoners; or the quality of life?
- ***Note the 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 or by using different exploration methods?
- ***Include your recommendation.*** What is your recommendation on how the government can best address your concern? How and when should your concerns be addressed? For example, should the government place a condition in the Call for Bids or should the government deal with the concerns when an activity is licensed?

How can you submit your comments?

Submit your comments by mail, fax or e-mail.

- By Mail: Oil and Gas Management Branch
P.O. Box 2703 (K12)
Whitehorse, Yukon Y1A 2C6
- By Fax: (867) 393-6262
- By Email to oilandgas@gov.yk.ca

How long is the Review Open?

The deadline for submitting your comments is **noon Friday, July 23, 2004.**

What Happens After the Review?

At the close of the review period, the government will consider all submissions 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 was asked to participate in the review. A summary of the public review will also be posted on our website – www.yukonoilandgas.com.

The Minister will review the report and make a decision on whether to proceed with a Call for Bids and under what terms and conditions the Call for Bids will be issued.

The Call for Bids, which is tentatively scheduled for August 2004, will officially launch the final step in the disposition process. The public notice for the Call for Bids will 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 name of the successful company announced. A permit for oil and gas rights will then be issued to the successful company.

Information on Nominated Parcel

Location of Nominated Parcel

The attached map shows the location and configuration of the nominated parcel. The parcel occupies an area in the Peel Plateau straddling 66 degrees north latitude and 134 degrees west longitude, just south of the Arctic Circle. It consists of 148 sections with an area of approximately 39,770 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 90 kilometers to the northwest of the parcel. Fort McPherson lies on the Peel River approximately 170 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 per cent 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.

Areas of Special Consideration

Approximately 25 per cent of the nominated parcel has been designated as an “area of special consideration” (see attached map). This designation indicates that the area may be subject to additional regulatory terms and conditions. Prior to the commencement of activity in “areas of special consideration”, the proponent may be required to draw up site specific environmental protection plans. These plans will describe the procedures the operator will take to minimize any environmental impacts to sensitive fish, bird, or mammal habitats.

Rivers and Lakes

The Peel River cuts through the middle of the nominated parcel. A few tributaries in the parcel drain into the Bonnet Plume River.

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. These assessments are being updated.

Oil and Gas Dispositions

Yukon oil and gas permit #4, to the north and east of the parcel, was issued to Hunt Oil Company of Canada, Inc. in February 2002 (see attached map). No work has yet been done on the disposition.

Oil and Gas Activity

The Peel Plateau area has remained inactive for the past 25 years. Eighteen wells were drilled in the 1960s and 1970s. One of these wells, the Toltec Peel River N-77, lies abandoned within a couple of kilometres of the nominated parcel. A number of other wells were drilled within a 100 kilometers radius of the nominated parcel.

Although a fair amount of seismic was shot to the northeast of the nominated parcel, only two lines extend into the parcel in the northeast quadrant.

