
Yukon Oil and Gas Licensing Process

Under the Yukon's *Oil and Gas Act*, a licence is required to carry out all oil and gas activity in the territory. Oil and gas activity includes:

1. exploration, such as seismic or geological mapping;
2. drilling of oil and gas wells;
3. construction and operation of
 - a pipeline wholly contained in Yukon;
 - a gas processing plant; or
 - an oil and gas facility.

A **Geoscience Exploration Licence** is required for any oil and gas exploration activity. This includes investigations of the subsurface of the earth using direct or indirect methods. A direct method would be to conduct geological mapping over an area of interest. An indirect method would be to complete a seismic survey. A Geoscience Exploration Licence may be obtained in Yukon without an oil and gas disposition.

A **Well Licence** is required to drill an oil or gas well. A company must hold a disposition which grants subsurface oil and gas rights before it can obtain this licence.

A **Pipeline Licence** is required for the construction and operation of a pipeline that is wholly contained in Yukon Territory. (A transboundary pipeline falls under the jurisdiction of the federal government.)

A **Gas Processing Plant Licence** is required for any activity related to the construction and operation of a plant that extracts hydrogen sulphide, helium, natural gas liquids and other substances from natural gas.

A **Field Facility Licence** is required for activity related to the construction and operation of an oil and gas facility such as a battery, an oil treater, a pumping station, a waste disposal facility or a compressor station.

Prior to issuance of a licence, a three-step process is undertaken that consists of:

- Step 1. Operations review
- Step 2. Environmental assessment
- Step 3. Consent from First Nations (when required)

Step 1: Operations Review

The operations review ensures the proposed project will be conducted safely and to accepted industry standards. The application is examined by the Oil and Gas Resources Branch to ensure that the proposed operations comply with the *Oil and Gas Act* and the appropriate regulations. Adherence to other territorial legislation and standards from the Department of Renewable Resources, the Department of Community and Transportation Services, the Yukon Worker's Compensation Health and Safety Board, the Heritage Branch of the Department of Tourism and federal acts and regulations from Indian Affairs and Northern Development Canada is also verified.

The operations review is complete when all the required information has been received and examined and the program operations deemed as acceptable or unacceptable. Conditions to the licence regarding operations may be stipulated or the licence may be denied.

Step 2: Environmental Assessment

The Oil and Gas Resources Branch performs an environmental assessment for any project that requires a licence. Until the Development Assessment Process (DAP) is completed, the *Canadian Environmental Assessment Act* (Canada) applies to all licence applications. The assessment involves two distinct parts: the environmental review and the public consultation process.

The public consultation allows First Nations, non-government organizations, resource users and various federal and territorial government authorities to submit concerns and comments on potential environmental impacts by the proposed project.

During the environmental review, the Oil and Gas Resources Branch assesses environmental impacts and proposed mitigation measures. Potential impacts on wildlife habitat, socio-economic values and heritage, as well as cumulative impacts are considered. The company may be required to alter proposed operations or implement mitigative measures to ensure that maximum protection of the environment occurs.

Step 3: Consent from First Nations

In areas where land claims have not been settled, the *Oil and Gas Act* stipulates that a licence authorizing any oil and gas activity in the traditional territory of the Yukon First Nation cannot be issued without the consent of that First Nation.

Issuing a licence

Once the operations review and environmental assessment are completed to the satisfaction of the Oil and Gas Resources Branch and consent from appropriate First Nations is received, a licence is issued to the applicant. The licence may have conditions or terms attached which could specify the timing and duration of operations, environmental protection measures, equipment, procedures, tests, analyses, and notification requirements to trappers, outfitters and other resource users in the area before commencement of activity.

Once the licence is issued, First Nations and territorial and federal government departments with an interest in the oil and gas activity are notified.

The issuance of an oil and gas licence does not necessarily mean that activity can immediately begin. Since land use is under federal jurisdiction, most oil and gas activities require the federal government to issue a Land Use Permit. In addition, proposed activities may fall under the jurisdiction of other federal and territorial government departments and be subject to their regulations. Finally, if the estimated expenditures for the proposed project are greater than \$1 million, a benefits agreement must be in place before any activity can commence.

Issuance of a Land Use Permit where required

Under the *Territorial Lands Act* (Canada) and the associated regulations, most oil and gas exploration activities require a federally issued Land Use Permit. The Land Use Permit application review also includes an operations review and an environmental assessment. Where appropriate, the federal and territorial governments share the public review to streamline this portion of the process.

Development of a benefits agreement where required

A benefits agreement is required for all projects with estimated expenditures of over one million dollars in the Yukon. A benefits agreement identifies employment and training opportunities for Yukon residents including Yukon First Nations and residents of communities affected by oil and gas activity. It also identifies opportunities for Yukon businesses to supply goods and services to the licensee and the licensee's contractors. The agreement is negotiated by the licensee, the Minister on behalf of the Yukon government and the Yukon First Nation(s) on whose settlement land or traditional territory the oil and gas activity will be conducted.

Inspection of oil and gas activity

Once the company has been issued a licence and obtains the necessary agreements and permits, work can begin on the project. Any incidents that result in injury to workers or damage to the environment or equipment must be reported immediately to the Government of Yukon. In addition, the territorial and federal governments can at any time inspect the operation to ensure compliance with the regulations.