

# OIL AND GAS UPDATE



Welcome to the October 2003 issue of the **Oil and Gas Update**, the newsletter that provides training and activity updates related to oil and gas development in the Northwest Territories. This newsletter is published quarterly by the Department of Education, Culture and Employment in partnership with the Department of Resources, Wildlife and Economic Development, Government of the Northwest Territories.

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## MACKENZIE VALLEY PIPELINE UPDATE

In the 1970's, significant reserves of natural gas were discovered in the Mackenzie Delta area of the Northwest Territories. After many years of uncertainty, the owners of the largest of these gas fields (Imperial Oil, ConocoPhillips, ExxonMobil and Shell) signed a memorandum of understanding with the Aboriginal Pipeline Group (APG) in 2001 to jointly construct and own a pipeline along the Mackenzie Valley to carry the gas to southern markets.

This pipeline proposal is called the Mackenzie Gas Project (MGP). For nearly two years, the MGP has been involved in the Project Definition Phase. This Phase is expected to last four years at a cost of \$250 million and includes public consultation, technical studies, environmental field work, benefit plans and the regulatory review. Seventy million dollars worth of work has already been completed and plans call for extensive geotechnical studies this winter in the Deh Cho, Sahtu and Gwich'in regions. The MGP has also set up regional offices in Fort Simpson, Norman Wells and Inuvik to improve communications with local residents.

In June 2003, the project took an important step forward when the APG signed commercial agreements with the Producers Group and TransCanada Pipelines that ensure

northern Aboriginal groups will own one-third of the pipeline. Immediately after the signing, the partners submitted a Preliminary Information Package (PIP) to the relevant regulatory authorities. The PIP includes information on environmental studies, public consultation, and pipeline route and size. The filing of the PIP is the initial step in the multi-year process of getting approval to build the pipeline, which could be shipping gas south from the Mackenzie Delta by 2009.

It is proposed that the 1,300 kilometre pipeline will run underground from the Mackenzie Delta south along the east side of the Mackenzie River to the NWT/Alberta border. Billions of dollars will flow into the Northwest Territories and more than 6,000 jobs will be created during the three years of construction.

In August, it was announced that the APG would receive \$16 million in contributions over six years from the GNWT, federal government, industry and aboriginal partners. The funding is being used to open offices in Calgary and the NWT and to hire a president and other professional staff. The APG will be busy over the next few years, consulting with communities along the pipeline corridor, trying to secure over \$700 million in debt financing and being a full partner in pipeline decisions.

## THE WORKERS YOU NEED, WHEN YOU NEED THEM

The Petroleum Human Resources Council of Canada (Petroleum Council), which formed in 2001, is addressing human resources issues in the upstream petroleum industry through a national study of labour challenges over the next decade.

Spearheaded by industry leaders, the Petroleum Council enjoys widespread industry and union support and co-operation across the country. Its new study, *The Decade Ahead*, identifies:

- workforce demographics, skills, supply and demand;
- key human resource challenges of the industry; and
- the impact of technology and the business environment on human resource issues.

The project was funded by the Government of Canada's Sectoral Partnerships Initiative.

"One of our greatest surprises was the lack of comprehensive information on human resources issues in some areas of the upstream industry," said Cheryl Knight, executive director and CEO. "Through this study, we were able to gather research from various regions and also add to it through our own primary data collection. This study represents the only national research effort undertaken in the last ten years that looks at human resources issues in the upstream industry, and will provide a strong foundation on which to build a human resources plan for the industry."

What will come from this study? Five main things:

1. A human resources plan for the industry.
2. Strategies to make employment in the industry more attractive and increase staff retention.
3. Practices to attract and train non-traditional employment groups.
4. Better ways of assessing existing staff skills and refining staff development practices.
5. Recommendations that provide stronger links between the educational system and industry needs.

This fall, the Petroleum Council is seeking input from all regions of the country that benefit from oil and natural gas development. To make sure that everyone is heard, there will be information sessions held at:

- St. John's – October 27, 2003
- Calgary – October 29, 2003
- Fort McMurray – October 30, 2003
- Inuvik – November 4, 2003
- London – November 7, 2003
- Halifax – November 12, 2003
- Fort St. John – November 17, 2003

If your responsibilities include human resource issues, this is your chance to ensure that your voice is heard regarding proposed human resources priorities for the industry during the next decade.

After representatives of the Petroleum Council brief you on the findings of the study and its implications, they will be seeking your input on human resources priorities. Specifically, the Council would like to hear from you about:

- recommendations and human resources priorities you would be willing to support; and
- your thoughts on what should happen next.

With your help, the Petroleum Council will be able to define a national strategy and implementation plan that positions the industry for growth without recurring crises in human resources.

For more information, call (403) 537-1230 or visit [www.petrohrsc.ca](http://www.petrohrsc.ca).



Petroleum  
Human Resources  
Council of Canada

Conseil canadien des  
ressources humaines  
de l'industrie du pétrole



## WINTER EXPLORATION ACTIVITY 2003-04

Beginning in 1999, the Northwest Territories (NWT) started to experience dramatic increases in the level of exploration and development activities related to the oil and gas industry.

In 2000/01, expenditures on exploration activity in the NWT totaled \$258 million. In 2001/02, over \$350 million was spent as labour-intensive seismic data collection reached peak levels, especially in the Mackenzie Delta. However, during the winter of 2002/03, expenditures fell to approximately \$210 million. This decline was due mainly to the natural cycle of exploration activity. Petroleum companies had completed their seismic work and were evaluating data in order to identify specific drilling

targets.

It is anticipated that overall exploration levels this winter (2003/04) will be comparable to last year at approximately \$200 million.

Currently, there are plans to drill approximately 15 to 20 wells in the NWT. It should also be noted that the Mackenzie Gas Project is planning on conducting geotechnical programs in the Deh Cho, Sahtu and Gwich'in regions to collect granular and geological information along the pipeline route. More details will be made available over the next few months as companies firm up their commitments.

## INUVIK REGION

### MACKENZIE DELTA WINTER EXPLORATION HIGHLIGHTS

The funding agreements signed in June between the Aboriginal Pipeline Group, the Producers Group and Trans-Canada Pipeline were an important step forward for the proposed Mackenzie Valley Gas Pipeline. However, many exploration companies in the Delta are awaiting

more certainty on the construction of the pipeline before committing to high-cost drilling programs. Only two companies (Chevron and EnCana) are planning on drilling wells this winter. Chevron may also conduct a 3D seismic program in the region.

### MARINE EMERGENCY DUTIES (MED) A1 TRAINING

Marine Emergency Training was held in Inuvik, from September 5-7, 2003. This training is required by Transport Canada for all crewmembers of larger marine vessels such as small tug boats and commercial fishing vessels. It was very successful

and twelve (12) students completed. While this training may not seem directly related to oil and gas activity, there is a great deal of barge transportation required by oil and gas activities in the Beaufort Delta.

### WINTER PROJECTS IN THE INUVIK REGION

Proponent	Nearest Community	2D Seismic	3D Seismic	Drilling	Other Projects	Estimated Budget	Direct Employment
Chevron Canada (BP/ Burlington)	Inuvik, Aklavik, Tuktoyaktuk (Ellice Island)		Taktuk Program (270 km <sup>2</sup> )	1 or 2 exploratory wells (EL 404, EL 417)	Winter Roads	\$45M	50
EnCana	Tuktoyaktuk/ Inuvik (Richards Islands)			1 or 2 exploratory wells (EL 385, EL 384)	Winter Roads	\$35M	50
Mackenzie Gas Project	Gwich'in Settlement Region			Geotechnical Program		\$6M	TBD
<b>TOTALS:</b>			<b>270 km<sup>2</sup></b>	<b>2 to 4 Wells</b>		<b>\$86M</b>	<b>100</b>

## THE INUVIK REGIONAL TRAINING PARTNERSHIP

The Inuvik Regional Training Partnership (RTP) was formed ten year ago as an informal group interested in training in the region. Since its creation, the RTP has become a wonderful example of how partnerships work. The Partnership focuses on:

- Planning;
- Information sharing; and
- A coordinated approach to training, education and development of human resources in the Beaufort Delta Region.

On November 5-7, 2002 and February 26-28, 2003 this group formerly known as the Regional Training Committee participated in two workshops/training sessions designed to consider a new structure for the group. The session gave the group the opportunity to assess the current environment in which the committee was operating and from that develop strategic and operational plans. The group discussed partnerships - what they are, what they aren't, and the advantages and disadvantages of partnering. One of the many things that came out of these sessions was a name change to the Regional Training Partnership.

The partnership's purpose is to make it easier for northerners to participate in relevant, effective, timely and accessible training, education and employment opportunities; and for the partners to more effectively fulfill their mandates. The Chair of the committee is Ian Butters, Regional Petroleum Advisor for Resources, Wildlife and Economic Development and the Vice-Chair is Mandy Abraham, Regional Training Coordinator, Municipal and Community Affairs.

The partners that make up the Regional Training Partnership are:

- Inuvialuit Regional Corporation
- Gwich'in Tribal Council
- Beaufort Delta Self Government
- Education Culture and Employment
- Municipal and Community Affairs
- Resources Wildlife and Economic Development
- Beaufort Delta Education Council
- Human Resource Development Canada
- Aurora College
- Industry Representation

The Partnership's goals are:

- To coordinate and facilitate quality opportunities to meet the identified training, education and employment needs of northerners.
- To work with others to increase access, appeal and participation in education, training and employment.
- To establish and manage an effective information management system.
- To increase participation recognition.
- To improve the partnership's organizational effectiveness.

To work in a more effective manner, the Regional Training Partner has established four sub-committees. Each of the sub-committees have a terms of reference and specific goals. These sub-committees all report back to the Regional Training Partnership. The four sub-committees are:

### **Communications Sub-committee**

This committee meets to look at a communication process for the RTP for new member and the general public.

### **Capacity Building Sub-committee**

This committee meets to deal with building capacity within the communities with regard to self-government.

### **The Petroleum Sub-committee**

This committee meets to focus on training and development specifically related to oil and gas.

### **The Hard Core Committee**

This committee consists of the major funding bodies, they assist the college with the decision making process regarding training in the region.

For more information, please contact Ian Butters, Regional Petroleum Advisor, RWED, (867) 777-7102.



## HEAVY EQUIPMENT OPERATOR TRAINING IN INUVIK

During July and August, 2003, Inuvik was host to a Heavy Equipment Operator Training program that provided 12 students with a variety of skills. This training project is a great example of how the Regional Training Partnership works together in this region. The funding partners for this program included the Inuvik Golf Association, Education, Culture and Employment, the Gwich'in Tribal Council, the Inuvialuit Regional Corporation and AC—MOBILE04.

Students in the program were given training in the following areas: WHMIS, TDG, SFA w/B CPR, Air Brakes, Rigging & Hoisting, Tool Safety, Workplace Safety, Basic Machinery Maintenance, Heavy Equipment Orientation, and Heavy Equipment Operations.

During the program, 12 students rotated on seven pieces of equipment, working 10 hours a day, six days per week. The equipment included two loaders, one dozer, one backhoe, one grader and two body jobs. Students gained practical experience through working to construct the Inuvik Golf Course. Students were evaluated on written exams as well as practical work on equipment.

The completion ceremony was held in the resource centre on August 14, 2003. Students were given wallet certificates as well as 8.5x11 certificates. The

Inuvik Golf Association also presented certificates of appreciation to the students for their work on the course. All funding reps were present as well as most Aurora College staff.

Some of the program highlights include:

- 12 students registered, 10 completed;
- Five individuals acquired Class 3 driver licenses;
- Students experienced working with different types of equipment; and
- The marks in this program were some of the highest given for this course between 82% and 94%.

Senior Instructor, John Drover, was in constant contact with the local contractors in order to make them aware that the training was happening and to invite them to visit the site and view the progress. Local contractors expressed significant interest in the students regarding possible employment in the near future. Overall, the local contractors were very pleased with this program and they hope to see more like it in the future.



## JOINT VENTURE WORKSHOP

Over the past decade, the surge in resource development activity in the NWT has led to numerous employment and business opportunities for northern residents. Governments, resource companies and northern communities have learned the value of working together for everyone's mutual benefit.

The formation of joint ventures is one of the best examples of how northern residents and communities can build capacity and benefit economically from oil and gas development in the north. It is estimated that Aboriginal businesses and joint ventures generate revenues of over \$100 million annually in the NWT in such areas as transportation, construction and food services.

For this reason, the Department of Resources, Wildlife

and Economic Development sponsored a Joint Venture workshop in Yellowknife in August. The goal of the workshop was to provide regional participants a better understanding of what joint ventures are, how they work, and the key elements for success. The workshop focused on such issues as finding the right opportunity and partner, building community support and negotiating a joint venture agreement. Twenty-four people attended the workshop with the majority of participants coming from the Deh Cho region. The participants agreed unanimously that the workshop was beneficial.

The Mackenzie Valley Development Project within RWED will consult with community organizations to determine if similar joint venture workshops should be planned for regional centers in the near future.

# SAHTU REGION

## WINTER PROJECTS IN THE SAHTU

Proponent	Nearest Community	2D Seismic	3D Seismic	Drilling	Other Projects	Budget	Direct Employment
Apache / Paramount Resources	Colville Lake			3-6 Exploratory Wells (EL 399, EL 414 ,Nogha-2 rigs )	70 km of access roads	\$25M	100
EnCana	Tulita (Begadeh-J66)			1 Exploratory Well (Oil)	60 km of access roads	\$6M	50
Northrock Resources	Tulita			1 Exploratory Well (Oil)	75 km of access roads	\$15M	50
Mackenzie Gas Project	Fort Good Hope, Norman Wells, Tulita				Geotechnical Program	\$10M	TBD
<b>TOTALS:</b>				<b>5-8 Exploratory Wells</b>		<b>\$56M</b>	<b>200</b>

## CENTRAL MACKENZIE WINTER EXPLORATION HIGHLIGHTS

Exploration activity in the Sahtu region will continue to increase this winter. Partners Apache Canada and Paramount Resources will follow up on their successful program last winter by drilling

approximately four wells near Colville Lake. EnCana and Northrock Resources have received approvals to drill wells south of Tulita.

## WELLHEAD CRANE OPERATOR TRAINING

Danny Bounds and Rheall Bellerive of the Ledcor Institutional Maintenance Ltd. in Norman Wells recently obtained Wellhead Boom Crane Operator certification. They attended the Lufkin Industries Inc. Pumping Unit Operation and Maintenance Training School in Texas May 19-22, 2003.

The skills they have gained will allow them to complete many of the tasks previously done by southern contractors.



Danny Bounds and Rheall Bellerive

# DEH CHO REGION

## WINTER PROJECTS IN THE DEH CHO

Proponent	Nearest Community	2D Seismic	3D Seismic	Drilling	Other Projects	Budget	Direct Employment
Anadarko (Paramount)	Fort Liard / Nahanni Butte			1 new well (Netla A-77) 2 re-entries (Arrowhead-K35, M-25)	70 km winter road Pipeline Studies	\$10M	80
Chevron Canada (Purcell)	Fort Liard			2 development wells (K-29, M-25)		\$6M	50
Mackenzie Gas Project	Wrigley, Jean Marie River, Trout Lake, Fort Simpson				Geotechnical Program	\$10M	TBD
Paramount Resources Ltd.	Cameron Hills (70 km south of Kakisa)		75 km <sup>2</sup> (500 km linear)	5 wells (2 drilling rigs, 1 service rig)		\$10M	100
<b>TOTALS</b>			<b>75 km<sup>2</sup></b>	<b>6 Exploratory Wells 2 Development Wells 2 Re-entries</b>		<b>\$36M</b>	<b>230</b>

## DEHCHO WINTER EXPLORATION HIGHLIGHTS

### Fort Liard:

Although all exploration licenses expired in the region last year, Anadarko Canada has made numerous significant gas discoveries and will continue to develop those prospects. Anadarko will drill one new well, re-enter two others and continue preliminary work on a gathering system and pipeline. Chevron will also be active in the region expanding its current production.

### Cameron Hills:

Paramount Resources will continue developing its current production facilities in the Cameron Hills, south of Kakisa near the Alberta-NWT border. Paramount is proposing to drill five wells and may also conduct a 3D seismic program.

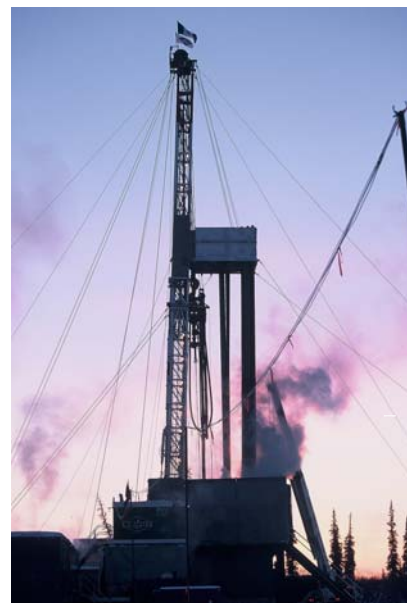


Photo Provided by Devon

## ENVIRONMENTAL PROTECTION SERVICE

The Environmental Protection Service (EPS) under the Department of Resources, Wildlife and Economic Development was re-organized in 1999 in anticipation of increased industrial development in the NWT. One of the positions created was an Industrial Specialist - Oil and Gas, who is responsible for reviewing current activities and conducting environmental assessments of proposed oil and gas development applications. The position, together with other Divisional specialists, provides advice to resource management boards, assessment agencies and other regulatory agencies in areas such as air quality, waste management, contingency planning and impact assessment.

EPS is currently developing an Air Quality Code of Practice for the upstream oil and gas industry. Although the Code is voluntary, it will be adopted under the NWT *Environmental Protection Act* (EPA) and will provide minimum standards by which facilities and practices can be designed, maintained and operated so as to maintain acceptable air quality. The Code will clarify the intent of the EPA relating to the preservation,

protection and enhancement of the environment in the Northwest Territories. The Code of Practice is in its final stages of development and consultation with industry and other regulatory agencies is ongoing.

The first air quality monitoring station in the Mackenzie Valley was established by EPS in Fort Liard in 1998 in anticipation of future gas exploration and development in the Deh Cho Region. EPS has since expanded this monitoring capability through installation of monitoring stations in Norman Wells and Inuvik in 2003.

Copies of the NWT's air quality guidelines and the draft Code of Practice can be downloaded using the Internet at <http://www.gov.nt.ca/RWED/eps/environ.htm>

For more information please contact Graham Veale, Air Quality Programs Coordinator or Al Gibson, Industrial Specialist – Oil & Gas at 867-873-7654.

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## NEW ADM AT MACKENZIE VALLEY DEVELOPMENT PROJECT

Last month, the Department of Resources, Wildlife and Economic Development was pleased to announce that Ms. Celina Stroeder would take over the duties as the new Assistant Deputy Minister responsible for the Mackenzie Valley Development Project (MVDP). MVDP was created by the GNWT in 1999 when it was realized that the development of oil and gas reserves would represent a significant opportunity and challenge for the people of the NWT.

Ms. Stroeder is returning to Yellowknife after spending eight years in Norman Wells as RWED's Regional Superintendent for the Sahtu Region. She will coordinate the GNWT's efforts to work with governments, industry and northern communities to:

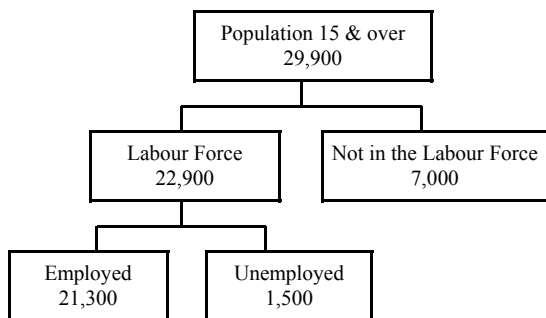
- are established with all partners;
- 2) Build an information base of petroleum-related activities;
- 3) Develop strategies to help reduce the negative impacts of development; and
- 4) Facilitate public meetings and working group sessions to assist northern communities to develop integrated plans for development.

Ms. Stroeder's work with Aboriginal groups and the petroleum industry in the Sahtu region will be a significant asset to RWED and the GNWT. For more information, please contact the Mackenzie Valley Development Project at (867)920-8691 in Yellowknife.

- 1) Ensure that effective communication links



## NWT LABOUR FORCE ACTIVITY – September 2003



For September 2003, Statistics Canada estimates that of the 29,900 residents 15 years of age and older in the Northwest Territories, some 21,300 persons were employed. This represents an employment rate of 71.2%. Overall, NWT employment levels remained unchanged between August 2003 and September 2003.

For September, there were some 1,500 persons unemployed in the Northwest Territories, which is a decrease of 200 from August. The overall NWT unemployment rate stood at 6.6% for September. This compares with an unemployment rate for Canada of 7.4% in September.

On a year to date basis for the January to September period, the number of unemployed persons in the Northwest Territories has been, on average, 100 higher for 2003 compared with the same period.

Source: NWT Bureau of Statistics. *Labour Force Activity—Sept. 2003*  
For more information, visit: [www.stats.gov.nt.ca](http://www.stats.gov.nt.ca)

## NORTHWEST TERRITORIES LABOUR FORCE ACTIVITY

	Population 15 & Over	Labour Force	Employed	Unem- ployed	Not in the Labour Force	Partic- ipation Rate	Unemp- loyment Rate	Employ- ment Rate
Sept- 03	29,900	22,900	21,300	1,500	7,000	76.6	6.6	71.2
Aug- 03	29,800	23,100	21,300	1,700	6,800	77.4	7.4	71.5
July-03	29,800	22,800	20,800	1,800	7,100	76.5	8.3	70.1
Jun-03	29,700	22,600	20,800	1,800	7,100	76.1	8.0	70.0
May-03	29,700	22,300	20,600	1,700	7,400	75.1	7.6	69.4
Apr-03	29,700	21,800	20,400	1,400	7,900	73.4	6.4	68.7

Source: NWT Bureau of Statistics. *Labour Force Activity—Sept. 2003*  
For more information, visit: [www.stats.gov.nt.ca](http://www.stats.gov.nt.ca)

## REGIONAL CONTACTS

### Career Centres and Canada-NWT Service Centres Education, Culture and Employment

Fort Simpson (Deh Cho Hall)	695-7334
Fort Smith (Sweetgrass Building)	872-7217
Hay River (Courthouse Building)	874-9200
Inuvik (1st Floor Perry Building)	777-7323
Norman Wells (Government Building)	587-2566
Yellowknife (Joe Tobie Building)	766-5100

### Resources, Wildlife and Economic Development

Hay River	874-6702
Fort Simpson	695-2231
Fort Smith	872-6400
Inuvik	777-7102
Norman Wells	587-3503
Fort Liard	770-4300
Yellowknife (Scotia Centre)	920-8691



### Comments or Questions? Contact...

Krista Rivet—Education, Culture and Employment (867) 920-6384, [krista\\_rivet@gov.nt.ca](mailto:krista_rivet@gov.nt.ca)  
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