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October 17, 2007

Via E-mail and Courier

Joint Review Panel for the Mackenzie Gas Project
Suite 302, Professional Building
125 Mackenzie Road
P.O. Box 2412
Inuvik, NT X0E 0T0

Attention: Ms. Paula Pacholek, Panel Manager

Dear Ms. Pacholek:

Re: Letter from Mackenzie Gas Project to the Government of Yukon

The Mackenzie Gas Project proponents and the Government of Yukon have had a number of discussions about potential project-related effects in Yukon. The attached letter from the project to the Government of Yukon summarizes the proponents' planned actions to manage project effects in the Yukon and the proponents' understanding of actions that the Government of Yukon will undertake.

Yours truly,

(original signed by)

Rick D. Pawluk
Manager, Regulatory Affairs

Encl.

rdp

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237 Fourth Avenue S.W.
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Randy J. Ottenbreit
Development Executive
Regulatory
Mackenzie Gas Project

Tel. 403 237-4092
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October 17, 2007

Energy, Mines and Resources
Government of Yukon
P.O. Box 2703
Whitehorse, Yukon Y1A 2C6

Attention: Brian Love
Executive Director, Oil and Gas Resources

Dear Mr. Love:

Re: Actions to Manage Potential Mackenzie Gas Project Effects in the Yukon

This letter replaces my September 7, 2007 letter to you and contains clarifications and corrections to that letter.

The purpose of this letter is to document discussions we have had about how the Mackenzie Gas Project (MGP) proponents (the proponents) and the Government of Yukon (YG) will work together to provide benefits to Yukon residents and businesses and mitigate adverse socio-economic effects through the construction phase of the MGP.

The MGP proponents believe the Mackenzie Gas Project will give rise to no, or low magnitude, adverse socio-economic and environmental effects in the Yukon during its construction. No project-related effects in the Yukon are expected during project operations. Nevertheless, the MGP proponents and the YG have committed to take actions that enhance potential positive effects and mitigate potential adverse effects from the proposed project. These actions are listed in Attachment 1 and relate to the areas of:

- a) transportation
- b) training and education
- c) employment
- d) business opportunities
- e) socio-cultural impacts, and
- f) wildlife

Furthermore, MGP proponents will meet Government of Yukon representatives once annually, or more often if necessary, during project construction to:

- 1) exchange project-related information,
- 2) review actual participation rates of Yukon residents and businesses in the Mackenzie Gas Project compared to predictions by the proponents
- 3) review relevant upcoming activities,
- 4) identify project-related issues, and
- 5) determine steps to resolve any issues.

This annual meeting will be scheduled for the second or third quarter of each year of construction in order to include information relating to the previous winter construction season and to discuss plans for the upcoming winter construction season. The first meeting will occur after the project decision to construct and prior to the first winter construction season. The final meeting will be in the year after pipeline construction is completed. A draft list of the information that each party would provide at this meeting is identified in Attachment 2. Should it be necessary to meet more than once per year, the MGP proponents and the YG will schedule it accordingly.

To facilitate on-going dialogue, the Mackenzie Gas Project proponents and the Government of Yukon will also identify a single point of contact for purposes of communication between the two organizations for the duration of the project construction phase. Each party will notify the other if the designated contact changes.

In 2007, the MGP contact is:

Bruce Vincent
Socio-Economic Impact Assessment Lead
Mackenzie Gas Project
Imperial Oil Limited
237 4th Ave SW, Calgary Alberta T2P 3M9
Phone Number: (403) 237-3999

It is the MGP proponents' understanding that the YG contact for 2007 is:

Ron Sumanik
A/Director, Oil and Gas Corporate Services and Business Development
Energy, Mines and Resources
Government of Yukon
Suite 300 -211 Main Street, Whitehorse, Yukon Y1A 2B2
Phone Number: (867) 393-7043

Yours truly,

(original signed by RJO)

Randy Ottenbreit
Development Executive – Regulatory
Mackenzie Gas Project

cc: Ron Sumanik, Government of Yukon
Bob Bleaney, ConocoPhillips
Randy Ritchie, Shell
Gord Deets
Bruce Vincent

Attachment 1

Actions to Address MGP Effects on the Yukon Territory

A. Transportation

The Mackenzie Gas Project (MGP) proponents anticipate that the project will transport materials along Yukon highways and through the Beaufort Sea during the project construction phase. In light of that, the MGP proponents will:

- 1) communicate annually to the Government of Yukon (YG) information about the planned project use of Yukon highways and planned marine shipments through the Beaufort Sea
- 2) invite YG to participate in meetings among the proponents, the Government of the Northwest Territories, Northern Transportation Company Limited and other parties where transportation issues relevant to the Yukon will be addressed
- 3) communicate any material changes to planned project use of Yukon highways when such changes are finalized and, if possible, at least one month before those plans are implemented
- 4) take safety into account when planning contractor trucking schedules
- 5) use pilot vehicles when transporting oversized truck loads on public roads, where required
- 6) have project vehicles adhere to speed limits on public roads
- 7) observe road bans before winter freeze-up and during spring break-up, unless otherwise approved, and
- 8) regularly inspect transportation equipment for safety

It is the understanding of the MGP proponents that the YG will inform MGP of any planned construction or maintenance activities or other constraints on territorial highways used by project-related vehicles at least one month in advance of the planned work.

B. Training and Education

To assist the YG to plan suitable project-related training, the MGP proponents will:

- 1) provide information to the YG about the types of jobs to be available during the MGP construction and initial operations phases and the qualifications required for those jobs
- 2) explore with YG, options for YG participation in new training initiatives considered after March 2008

The proponents will require that its contractors discuss with their apprentices the appropriate jurisdiction for their registration prior to registration.

C. Employment

While the Mackenzie Gas Project construction labour demand will greatly exceed the available supply of qualified labour in northern Canada, the MGP will, nevertheless,

- 1) provide employment opportunities to qualified, interested and available northerners, including Yukon residents, in preference to equally-qualified southerners
- 2) communicate employment opportunity information through a business opportunity workshop to be held by MGP in Whitehorse.
- 3) accept registration in the MGP Human Resources and Training Database by Yukoners and provide the YG with contact information for the database for the YG to distribute
- 4) use a number of media available to Yukon residents to advertise employment opportunities
- 5) designate points of hire after its prime contractors are engaged. If a Yukon location is designated as a point of hire, the Project will pay for transportation from that designated point of hire to one of the Northwest Territories (NWT) regional centres in the project study area. From the NWT regional centres, the Project will provide transportation to the work sites.
- 6) record the province or territory of residence of all workers. Workers that represent or provide evidence to the MGP that they maintain a self-contained domestic establishment in the Yukon are deemed to be northerners by the MGP, and
- 7) share information about the number of Yukon residents working directly on the project.

The MGP proponents understand that, based on YG statements to the Joint Review Panel for the Mackenzie Gas Project (JRP), the YG will provide to the MGP proponents the results of any Yukon territorial labour supply and demand surveys.

D. Business Opportunities

MGP will provide a wide range of opportunities in which northern businesses, including Yukon businesses, will have an opportunity to participate. With respect to those business opportunities:

- 1) MGP contract awards will be based on best total value, i.e., safety, quality, cost, schedule, and content plans. Bids for contracts will be required to include a content plan describing the level of northern and aboriginal involvement in a bid. Yukon businesses will be considered northern companies;
- 2) contracts will be structured, where practical, to be within the capacity of northern (Yukon, Northwest Territories or Nunavut) based businesses;
- 3) the MGP proponents will continue to work with the Yukon Chamber of Commerce to hold a business opportunity workshop in Whitehorse. The workshop will provide information about MGP procurement criteria, including pre-qualification and qualification requirements;
- 4) information on MGP business opportunities will be available through an electronic clearinghouse. Yukon businesses will be able to register on the clearinghouse allowing them to view business opportunities and to register expressions of interest;

- 5) contractors and subcontractors will be required to comply with proponent commitments and policies; and
- 6) the MGP proponents will record the participation of Yukon businesses in direct project activities. MGP is willing to share information about the total number and value of contracts awarded and, if possible, the number and value of contracts awarded to Yukon businesses

The MGP proponents understand that the YG will supply to Mackenzie Gas Project a current directory of Yukon businesses.

E. Socio-Cultural Impacts

The MGP proponents and the YG agree that potential project socio-cultural effects should be managed under a shared responsibility model. With respect to potential socio-cultural effects:

- 1) MGP will make training programs in camps available to all workers in project construction camps, including workers from Yukon. Workplace safety seminars and cultural awareness training, including gender awareness, will be mandatory for all workers. Optional programs available in construction camps will include life skills training in financial management workshops, drug and alcohol abuse prevention, and healthy lifestyle choices.

Based on YG statements in submissions to the JRP, the MGP proponents understand that the YG will monitor socio-economic indicators to identify potential project-related effects.

F. Wildlife

The MGP proponents anticipate that project materials will be transported along Yukon highways. In order to manage potential effects on Yukon wildlife (e.g. caribou, elk and moose), the Project will:

- 1) require construction activity to yield to caribou, elk and moose on Yukon highways
- 2) have project staff report incidents or collisions with wildlife to the proponents' representative, who will notify the local Conservation Officers or the local police department, where appropriate and as soon as possible

It is the proponents' understanding that the YG will also provide relevant information about caribou, elk and moose populations and seasonal range distribution data particularly for the period between November 1 and April 1 when MGP traffic is likely to be present on Yukon highways. The proponents also understand that the YG will continue to issue public traffic advisories on local radio stations informing all vehicle operators of the presence of caribou, elk and moose on Yukon highways.

Attachment 2

Potential Topics for MGP - YG Construction Phase Meetings

Information to be provided by Mackenzie Gas Project	Information to be provided by the Government of Yukon
Transportation	
Number of project-related truck trips on Yukon highways in the previous construction season	Timing and location of any constraints to project-related vehicles in terms of allowable speeds or allowable weights
Anticipated number of project-related truck trips on Yukon highways for the following construction season	Timing and location of construction and maintenance activities on Yukon highways used by project-related traffic
Anticipated number of ocean-going vessels in the Beaufort Sea near the Yukon coastline including the identification of off-loading sites	Information on use of Yukon highways used by project-related traffic
Number of ocean-going vessels passing through the Beaufort Sea near the Yukon coastline in the previous shipping season	
Training and Education	
Number, ethnicity and gender (if provided by workers) of Yukon residents registered in the MGP Human Resources and Training database	Numbers of students completing project-related education or training
Employment	
Number of Yukon workers directly employed by Mackenzie Gas Project	Results of any territorial labour demand and supply surveys
Business Opportunities	
Total number and value of all project-related contracts and, if possible, the number and value of contracts awarded to Yukon companies	A current directory of Yukon businesses
Socio-Cultural Impacts	
Information about worksite training programs including cultural and gender awareness, pre-assignment safety training, life skills guidance including money management, alcohol and substance abuse prevention and healthy lifestyle choices	Information on and analysis of socio-cultural indicators including use of women's shelters, family violence, drug and alcohol abuse, homelessness, gambling, prostitution and sexually-transmitted infections

Wildlife: Caribou, Elk and Moose	
Number and locations of project-related vehicle collisions with wildlife on Yukon highways	Historic and current information about caribou, elk and moose populations and winter range distributions near Yukon highways used by project-related vehicle traffic
	Precautionary public traffic advisories on local radio outlets informing all vehicle operators of the presence of caribou, elk and moose on Yukon highways, noting that the YG will continue to seek reporting of caribou and elk sightings along Yukon highways for this purpose.