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Address to the Arctic Gas Symposium

The Role of Government and Industry in Ensuring Appropriate Development of Arctic Resources

Honourable Dennis Fentie, Premier

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Introduction

- Greetings.
- It is always a pleasure to come to Calgary and I am happy to have an opportunity to speak to you today.
- First let me thank our conference chair, Brendan Bell, for the warm welcome.
- I am honoured to share the stage with NWT Premier Floyd Roland, and Rosemarie Keenainak, Deputy Minister of Economic Development for Nunavut.
- I would again like to congratulate Floyd on his recent election to Premier of the NWT, and I would like to welcome him to his first Arctic Gas Symposium, in his new role.
- Canada's north is an area blessed with an abundance of natural resources, from diamonds to oil and gas.
- As a government, it is our role and responsibility to ensure these resources are developed in a manner that will provide the most benefits to our citizens.
- This cannot be accomplished without working closely with industry. Industry provides the capital, the jobs, and the spin-offs that are so important to the well-being of Northerners.
- As government, our job is to provide the certainty and clarity that industry needs to operate, all the while keeping a mindful watch on the social and environmental concerns of our citizens.
- We must also continue to strengthen our relationship with First Nations.
- The partnerships we form, coupled with the cooperative efforts we share, are essential for successful northern gas development.

- Our cooperative efforts are bearing fruit:
 - mineral exploration expenditures reached an all time high this year in Yukon;
 - we negotiated significant socio-economic opportunities for Yukon from the proponent of the Mackenzie Gas Project; and
 - our revamped oil and gas rights disposition process continues to attract investment, and we look forward to the corresponding activity.
- So now I would like to give you a brief synopsis of these events and other undertakings in Yukon since I spoke here last year.

Resources

- The Yukon has eight onshore oil and gas basins which hold an estimated 17 trillion cubic feet of natural gas and 800 million barrels of oil; in the offshore Beaufort Sea, the potential is much larger - 40 trillion cubic feet of conventional natural gas and 4.5 billion barrels of oil.

Oil and Gas Rights Disposition

- The Yukon government is presently conducting its spring 2008 Oil and Gas Rights Disposition. The request for posting closed on January 16.
- I am very pleased to announce that two parcels of land in the Peel Plateau in northern Yukon have been nominated by industry for possible future oil and gas development. These nominations are currently under a 60-day review, and will be subject to our Call for Bids, which begins at the end of April.
- Both of these requests are located in the resource-rich Peel Plateau basin in northeast Yukon. The potential natural gas in this region alone is almost three trillion cubic feet.
- Yukon's revised oil and gas rights disposition process has been an unqualified success.
- This is our third rights disposition under our new semi-annual process, and industry has responded each time with requests and successful bids.

- One of the many things we're proud of in Yukon is our unique development assessment process. Yukon is a vast and diverse area, yet whatever the type of land or whoever owns it, there's just one assessment process for the whole territory, embodied by the *Yukon Environmental and Socio-economic Assessment Act* (YESAA). The act came into full effect in Nov 2005.
- The Act is the only piece of assessment legislation in Canada with strict timelines for every phase.
- The federal legislation was established after Chapter 12 of the Umbrella Final Agreement called for an assessment process that would apply to all Yukon lands: federal, territorial, First Nation and private.
- YESAA looks at the potential effects that a proposed activity may have on the economy, environment, health, culture, traditions, heritage and lifestyles of Yukoners.
- YESAA is based on an assessment model which created an independent, arms-length process that assesses a list of activities that are set in regulation.
- Yukon is committed to fostering a timely and efficient assessment and regulatory processes.
- The revisions to our oil and gas disposition process were developed in response to requests by industry and Yukon First Nations, and the benefits are being seen by industry and all Yukoners, including First Nations.
- I am very encouraged by industry's interest in Yukon, and see this as the start of a new era in Yukon's economic development.
- I invite all companies to review our current posting, and to consider investing in Yukon oil and gas prospects.

Northern Pipelines

- In addition to Yukon's own oil and gas wealth, the construction of the Alaska Highway Pipeline Project and the Mackenzie Gas Project would bring great benefits to the north.
- We believe the market will support the development of both projects, and with recent progress, Yukon's natural gas future looks bright.
- We recognize that northern pipelines are necessary to develop the territory's natural gas industry and we are doing what we can to make sure both projects move ahead with our interests firmly on the table.
- We also recognize that while these projects present challenges, they also present tremendous opportunities for Yukon and all affected jurisdictions.

Mackenzie Gas Project

- The Mackenzie Gas Project offers many benefits and opportunities to Yukon and Yukoners, and that's why we continue to support the project.
- We intervened in both the Joint Review Panel and National Energy Board hearings to advance Yukon's interests.
- We are pleased with the results of our Joint Review Panel intervention, as, amongst other accomplishments, we received a letter of commitment from the proponent Imperial Oil with respect to priority hiring and procurement for northerners.
- We sincerely hope that our National Energy Board intervention is equally successful.
- We will continue to work with other jurisdictions, including First Nations, to move the project forward.
- We remain confident that the Mackenzie Gas Project will move forward and that Yukon will continue to be an active contributor to this project.

Alaska Highway Pipeline

- The Alaska Highway Pipeline Project is a high priority for the Yukon government.

- We are encouraged by events in Alaska, most notably Governor Palin's *Alaska Gasline Inducement Act*, which resulted in a successful application by TransCanada PipeLines.
- This bodes well for the project in our eyes, as TransCanada has had a presence in the Yukon for decades, and has a solid track record in pipeline construction.
- From our end, we are working hard to ensure we are pipeline ready.
- To accomplish this, Yukon is working collaboratively with our neighbouring jurisdictions to provide regulatory certainty for the project.
- In our view, we must work together to champion this project, and the Mackenzie Gas Project.
- If we don't champion these projects, who will? If we don't champion these projects, they may not happen.
- The threat of alternative sources of natural gas such as foreign Liquid Natural Gas is real, and growing with each passing day.
- Both of these projects are good for the North and good for Canada.
- That is why it is important for Yukon citizens to see that our interests are met. These interests include:
 - a net fiscal benefit for Yukon;
 - minimizing social impacts;
 - minimizing environmental impacts;
 - incorporating community and First Nations interests;
 - providing a clear and efficient regulatory process;
 - access to pipelines for Yukon gas; and
 - access to natural gas energy for residential, commercial and industrial use.
- The Yukon government also continues to work closely with First Nations to ensure a coordinated approach in the development of the Alaska Highway Pipeline Project.
- We have facilitated and financially supported the Aboriginal Pipeline Coalition.

- The coalition represents those Yukon First Nations whose traditional territories lie along the proposed pipeline corridor in Yukon.
- We recognize that this project will also affect First Nations and communities off the route and we are committed to involving them in the regulatory process, and capacity building.
- Furthermore, we recognize that early First Nation involvement will be essential in promoting regulatory certainty for this project.
- To this end, it is important that Canada provides the necessary funding to ensure First Nations can adequately prepare for their role in this project, and help Canada fulfill its consultation obligations.
- The Yukon government will continue to do our part to champion the Alaska Highway Pipeline Project.
- This will enable us to develop the North while providing a secure, stable long-term source of clean energy for North America.

Across Governments

- As I discussed earlier, oil and gas development cannot occur without the cooperation of many governments and agencies. Yukon is proud of the relationship it has with its neighbors and northern partners – Alaska, Northwest Territories, Nunavut, British Columbia, Alberta and the Government of Canada.
- When we talk about collaboration and partnerships, it is also important to recognize the important relationship our government has developed with Yukon First Nation governments.
- We have made it a priority to work with First Nations so that they can be full partners in the economic development of our territory.
- To this end, we have worked tirelessly in our partnership with the federal government on settling aboriginal land claims.
- Of Yukon's 14 First Nations, eleven now have final and self-government agreements in place.
- These agreements in turn provide certainty to investors and help drive private sector growth in the Yukon.

- We are also working closely with First Nations who do not have final agreements.
- We continue to work with First Nations in the southeast Yukon to open that area up to oil and gas exploration and development.
- Yukon's Final and Self Government Agreements are redefining the relationship between public government and aboriginal peoples.
- Our governments are building new relationships with First Nations based on mutual respect and cooperation.
- We are redefining governance models, advancing the Yukon socially, economically, and politically, and moving forward in partnership.
- These are the relationships envisioned in Yukon's Final and Self Government Agreements, and it is these relationships that are building a better future for all Yukoners.
- We are making history by working collectively towards the future, and we'll continue to work with First Nation governments and Canada to ensure the spirit, intent, and opportunity provided in our land claim agreements are fulfilled.

Offshore Involvement

- There is renewed interest in offshore resources, and Yukon, along with other governments, the Inuvialuit, and industry is preparing for potentially significant offshore oil and gas activity. The question seems not to be 'whether' this activity will occur, but 'when'.
- Last summer, Imperial Oil/Exxon Mobil bid more than half a billion dollars for offshore rights in the Beaufort
- And this January, five areas were nominated in this year's Beaufort Sea Call for Nominations.
- Yukon looks forward to the results from the current call for bids on these parcels, expected early this summer.
- It is expected that a successful outcome of the regulatory process for the Mackenzie Gas Project will also increase interest in this region.

- Many of you are likely not aware that Yukon has a commitment from the Government of Canada that Yukon will have a role in management of the Beaufort Sea. In preparation for potential activity, Yukon has developed an offshore strategy identifying its key interests, including economic benefits, resource revenues, infrastructure, capacity development, and sustainable development.
- Yukon continues to press the Government of Canada to fulfill its commitment under the Canada Yukon Oil and Gas Accord to commence negotiations on shared management and revenue sharing in the Beaufort Sea. Finalizing such arrangements will help provide the regulatory certainty required by industry.
- Yukon is also focusing efforts to better streamline and coordinate the numerous planning initiatives currently underway and proposed for the Beaufort Sea. Success in this regard will benefit Yukoners and other northerners, Canada, industry, as well as the environment.
- We are looking forward to working with the Government of Canada and the Northwest Territories to advance an accord in the Beaufort.

Conclusion

- In conclusion, there is a bright future for the development of Yukon's oil and gas resources.
- We are very encouraged by the interest we have received in our recent oil and gas Request for Postings.
- We continue to work energetically to ensure our readiness for the opportunities that northern pipelines and Beaufort Sea development will bring.
- We want Yukon's future in oil and gas to be sustainable and long term.
- We are carefully developing this sector to not only bring benefits to Yukoners and Yukon First Nations, but also for Canada and the north as a whole.
- And to that end, it is most important to maintain and build the relationships we have with our citizens, Yukon First Nations, our northern neighbours and the Government of Canada.

- We look forward to doing business with you.
- Thank you for your attention today and enjoy the rest of the symposium.