

**Speaking Notes for the Honourable Dennis Fentie, Premier  
Government of Yukon**

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**Petroleum Club of Calgary**

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**January 20<sup>th</sup> 2004  
Calgary, Alberta**

*Check against delivery*

**Introduction**

On behalf of the Yukon government, I would like to thank you for the opportunity to speak to you today.

It is a pleasure to be back in Calgary to talk about the exciting developments and investment opportunities in the Yukon.

My first speaking engagement as Yukon's newly elected premier was right here in Calgary at the 2002 Resource Expo. Much has transpired since then.

The Yukon is entering into a new era of growth and opportunity born from two landmark achievements: the near conclusion of our aboriginal land claims and the transfer of resource authority from Canada to the Yukon government last year.

Most of our Land Claims are settled. This has created land certainty and provided our First Nation governments with millions of dollars for investment.

Our government believes that entering into partnerships with First Nations, other northern governments, industry and investors are the key components of an economic strategy that will help us to build a more prosperous Yukon.

**The Future Is Now And Progressive Investors Lead The Way.**

I'm here to tell you about the bright future of the Yukon and why now is the time to invest in that future.

The Yukon is poised to experience dynamic economic growth.

Our economy is gaining strength. Real estate activity is starting to boom, construction starts are increasing, retail and wholesale sectors are growing and a number of high profile projects are commencing.

Our retail sector has recently grown with the addition of two big box giants: Walmart's new 82,000 square foot store and the Canadian Superstore has made a significant investment in constructing their new 95,000 square foot facility

The Staples chain is getting ready to open a new store in Whitehorse this spring and other prominent national operations are investigating the Yukon marketplace.

Whitehorse is the leading retail centre for all of the Yukon, northern BC, the Mackenzie delta and southeast Alaska.

The Alaska and Klondike highways, are the main economic arteries and supply routes for the North-West.

This is an important feature for the two big box stores and it factored significantly in their investment decisions.

They have done their research, they have made their forecasts, and they are investing in our future.

What do these companies know? Why are they spending their capital expansion dollars in the Yukon?

I believe it is because the next northern economic rush is coming and they know it.

In many ways it is already underway. For example, the move north is apparent in the oil and gas sector.

## **CREATING A POSITIVE INVESTMENT CLIMATE IN YUKON BY CREATING CERTAINTY**

### **Devolution**

Devolution of administration and control of resources to the Yukon has occurred. Decisions about oil and gas, mining, lands, forests and water are all now being made by Yukoners.

Today, we control our own decisions in the Yukon and I am here to tell you tonight .....we want development and we want to do business with you.

Our government and Yukoners strongly support the emergence and development of the Yukon's resource industry as part of our economic strategy. Armed with the ability to make our own decisions, we intend to make that a reality.

### **Progress on Land Claims**

We are very proud to state that Yukon's aboriginal land claims are very near conclusion.

The majority of Yukon First Nations now have their own settlement lands and the rights to develop the resources on those lands.

The Yukon is changing in a positive way – new relationships are being built. We are establishing new government-to-government relationships with all 14 Yukon First Nations and making them full partners in the resource development of the Yukon.

This “Team Yukon” approach to governance is about creating certainty and a positive investment climate in our territory. It is an advantage we have over the rest of Canada.

Yukon’s First Nations are looking to invest the funds they received from their claims settlement into long-term sustainable development which adds value and much-needed wealth to their communities.

Our First Nations are investing millions with the private sector in the Whitehorse waterfront development. They are investing millions more in a world-class hotel venture in Carcross - a community a short distance south of Whitehorse.

This government is working hard to facilitate partnerships between Yukon First Nations and the private sector. I believe you will find Yukon First Nations receptive to working with the private sector to create sound investment opportunities.

For example, one of the world’s mining giants, Teck Cominco and the Kaska First Nation have recently entered into a major mineral exploration project.

This is a very promising project which demonstrates how world-class firms like Teck Cominco are looking to the North once again for investment opportunity.

And yes – Yukon First Nations are preparing for the Alaska Highway natural gas pipeline as well as the Mackenzie Valley pipeline.

### **Alaska Highway Aboriginal Pipeline Group**

The Yukon government is actively preparing for this pipeline project along with First Nation governments.

We’re pleased to support the work of the Alaska Highway Aboriginal Pipeline Group that was formed last fall.

The group consists of seven First Nations from the Yukon and British Columbia which are located along the Alaska Highway corridor.

The group will act as a coordinating body to address the First Nations’ interests during the planning, development and construction of the Alaska Highway Pipeline.

The group will also work with the Yukon, Canada and industry to streamline regulatory processes where possible.

## **Northern Cooperation Accord and Yukon/N.W.T. Intergovernmental Relations Accord**

In a new spirit of cooperation between northern neighbors, the Yukon recently signed a Northern Cooperation Accord with Nunavut and the N.W.T. to work together on issues of common interest.

An Intergovernmental Relations Accord was also signed between my government and the N.W.T. government almost a year ago.

This Accord provides a framework for our governments to work together on a number of issues of importance to our jurisdictions such as oil and gas development.

We recently signed an Oil and Gas Sub-Agreement with the N.W.T. The purpose of this agreement is to undertake cooperative measures to support oil and gas development in the Yukon and N.W.T.

The sub-agreement will also help to provide access to the Mackenzie Valley pipeline to flow the north Yukon's oil and gas to market.

The bottom line is that the Yukon and the N.W.T. are committed to working together to mutually benefit from both pipeline options, and to fight any revised notion of an over the top route.

While we hope that the Alaska Highway pipeline goes first, we are prepared to share in that endeavour with the N.W.T. and they have made the same commitment to us with the Mackenzie pipeline project.

## **Alaska/Yukon Intergovernmental Accord**

Recently I had the pleasure of signing an Economic Accord with Alaska Governor Frank Murkowski.

We both agree that it is vitally important our two governments continue to work together to make the Alaska Highway Gas pipeline a reality

This Accord provides a framework for the governments of the Yukon and Alaska to work cooperatively on issues important to both of us.

Key sectors for mutual development include our tourism industry, our transportation systems, our trade and commerce, and resource development projects including the Alaska Highway Pipeline and Alaska rail link.

We are working together as we speak to ensure that the US Energy Policy Act will pass the Senate this Session in DC.

This historic Bill will set the stage for the Alaska Highway pipeline to go forward.

## **B.C./Yukon Intergovernmental Accord**

In a few days from now, I will also be signing a similar accord with Premier Campbell and the Province of British Columbia, committing our jurisdiction to work cooperatively on matters of mutual interest.

## **EXISTING INFRASTRUCTURE IN YUKON WHICH PROMOTES ECONOMIC DEVELOPMENT**

Alaska Highway

Access major tidewater ports

International airport

Road infrastructure throughout Yukon

Educated workforce oriented to resource development

Railway infrastructure between Whitehorse and tidewater

Access to energy via an expanding electrical grid

## **FUTURE INFRASTRUCTURE PROJECTS**

### **Pipelines**

According to a Natural Resources Canada report issued in 2002, the North American natural gas market will need 21 billion cubic feet per day of new gas supply by the end of the decade. These estimates are most certainly conservative.

Market conditions present huge economic opportunities for the energy industry and for the North. The Alaska Highway and Mackenzie Valley Pipelines will be built because the market needs northern gas.

The Alaska Highway Pipeline is coming. Now that the U.S. House and Senate session has resumed, I believe that we will see a more streamlined and focused Energy Bill passed in short order.

These pipelines, once completed, will be the conduit to bringing the Yukon's gas to market.

We are also preparing for opportunities following the construction of these two large diameter pipelines and we encourage you to do the same.

Some have told me that that they still think that the Over the Top route will happen. It won't.

I am here to tell you that Prudhoe Gas will come through the Yukon. We would fight any revisit of the notion for the Over the Top Route vigorously, as would the world-wide environmental community.

Governor Murkowski of Alaska, who spent many years in the Senate in DC made it abundantly clear both in law, and in policy that such a route has no chance, period. And the government of NWT concurs, thanks to our new cooperative relationship.

Now is the time to strategically place your investments in order to capitalize on these massive construction projects and the resulting business opportunities.

There's more to a pipeline than just a pipe and we will witness many related opportunities in other economic sectors because of the pipeline.

### **Railroad**

Last week I was in Alaska's capital city of Juneau for a conference on establishing a railroad in the same corridor as the natural gas pipeline.

The railroad project is picking up steam and I am encouraged by the level of support and passion from our friends in Alaska, Alberta and northern B.C. for this development to move forward.

Many believe as I do, that a railroad to the north will begin a new chapter of prosperity and growth for the northern jurisdictions and the many communities, businesses and families along the route.

In resource sectors alone, a railroad would be the trigger for many new northern projects to commence as the transportation to market issues will be solved.

We have some convincing to do in Ottawa, but I remain optimistic they will see the advantage and opportunity this mega-project would provide for the nation's economy and growing positive trade relations with the United States.

## **EXISTING RESOURCES IN YUKON**

### **Oil and Gas**

The oil and gas potential of the Liard Plateau in southeast Yukon is well known and industry is enthusiastic about conducting further exploration and development in this region.

The situation is ideal as there is pipeline infrastructure already in place with spare capacity.

Creating the economic and investment certainty for further exploration and development is not without its challenges.

In the absence of a Land Claim in Southeast Yukon, our government has concluded a bilateral agreement with the Kaska Nation with the objective of issuing land dispositions in the Kotaneelee.

Besides the southeast, the Yukon has significant untapped oil and gas potential waiting to be discovered in other areas of the territory.

Yukon's petroleum potential has already been demonstrated by significant oil and gas discoveries at Eagle Plains in the north Yukon.

The entire area around Whitehorse, our capital, is a sedimentary basin with great potential.

We recognize that industry requires access to Yukon's oil and gas resources through our disposition process and that you need a plan for infrastructure to get finds to market.

We are currently working on our 2004 disposition and expect to make an announcement in the spring.

We are further encouraged by the prospects that one or more wells may be drilled this year in southeast Yukon and Eagle Plains.

My government stands behind a strong legislative regime that provides certainty for investors. We understand that oil and gas can pave the way to many spin offs in our economy.

### **Mineral Investment**

I have mentioned the Teck Cominco – Kaska partnership for lead and zinc. We also are witnessing renewed exploration activity for gold as the market price is remaining stable and the charter banks are forecasting it to float around \$400 and remain there for the foreseeable future.

Base metal exportation is also increasing with the attractive prices of copper and lead and zinc.

Yukon's mineral exploration is also witnessing a growing trend towards precious gems with the discovery of emeralds by True North gems.

Last year we had a staking rush that was reminiscent of those thrilling days of yesteryear. Not only are the market prices prompting more prospecting – we offer incentives for exploration work such as a 25% mineral exploration tax credit.

### **FUTURE HIGH PROFILE PROJECTS**

#### **Canada Winter Games provide significant stimulus to the Yukon economy**

Apart from new bricks and mortar developments, we have some significant socio-economic projects in the planning stages now.

Let me be the first to invite you all to this event in Whitehorse in 2007.

Economists are still forecasting the value of the games and today's conservative estimates are in the area of \$70 million revenue. I expect this figure to grow further as we move closer to the opening ceremonies.

The games' construction projects will include our new \$30 million multiplex, the athlete's village and a new speed skating oval.

For those of you involved in tourism – there will be a great many people coming to Whitehorse in 2007 for the games. We expect many value-added spin-offs will be created to take advantage of this increase in our visitor traffic.

Air travel to the North has been vastly improved by a new 737 quality jet service connecting Calgary, Edmonton and Vancouver to the Yukon.

We are now only 2 hours and fifteen minutes away from right here in Calgary.

This new enterprise is due to a recent partnership between a long time regional carrier Air North and the Vuntut Gwitchin First Nation. They joined forces and expanded their operation to serve the Yukon better.

The Yukon is looking for investors for a wide variety of projects and partnerships.

If your interest is in mineral resources - we have some great opportunities for you.

We also have investment opportunities for you in forestry, infrastructure, telecommunications, tourism and retailing.

There are some great opportunities to invest in bricks and mortar related to the Whitehorse waterfront development.

Yukon First Nation developers are seeking partners for a four-star hotel and resort project which will lure people from around the planet.

If your interest is in the oil and gas or energy sector – we have some developments that will also appeal to you.

If you are looking to invest in community-based infrastructure projects with First Nations and local governments, there are some exciting opportunities for you as well.

We are always happy to make the introductions and to put you in touch with Yukon First Nation leaders, development corporations, municipal governments, contractors and other business organizations that you may wish to start a relationship with.

The northern frontier is poised for an amazing economic surge in the near term.

With the coming of the pipelines, and a potential railroad, new mineral projects, our regional oil and gas development and the expansion of our communities due to all the development activity – there is opportunity for you in the north.

## **Closing**

In closing, I'd like to emphasize that we know the investment community needs certainty. We are working closely with Yukon First Nations to deliver that certainty in the Yukon. There are a lot of things that create an investor-friendly climate in my view.

- The Yukon is rich in natural resources.
- We now have control of our natural resources through devolution.
- We have a common regulatory oil and gas regime.
- We are firmly committed to the development of resource legislation and policies that will foster responsible use of Yukon's vast resources.
- We are committed to advancing and implementing land claims.
- We have the Alaska Highway Aboriginal Pipeline Group and are working with the First Nations to prepare and advance the prospects of an Alaska Highway Pipeline.
- We have formed positive, mutually beneficial alliances with our partners in Alaska, N.W.T., Nunavut, B.C. and Alberta.
- We are committed to building mutually beneficial economic partnerships and dialogues with First Nation governments, industry and other governments to further develop our natural resource sector as well other business sectors such as tourism.
- And most importantly, we have the political will to facilitate the growth of a strong, viable and sustainable economy for the benefit of all Yukoners.
- We are poised to enter an exciting period of responsible resource development and economic growth in the Yukon.

We welcome your participation and we look forward to doing business with you. The window of opportunity is open now - let's seize the initiative and together with good governance partnerships and your investment we will achieve success- measured by mutual benefit.

I'll be here with my officials from our Economic Development department and Oil and Gas Unit for the remainder of the evening, so feel free to approach us in the Reception.

I will take a moment to introduce them to you:

Eugene Lysy – Deputy Minister, Economic Development;  
Ron Sumanik, - Socio-economic Affairs with the Oil & Gas Branch  
John Masterson – Director of Oil & Gas Management Branch  
Sheila Clark – my Executive Assistant

I'd be happy to take 2 or 3 questions now if there are any.