

2007-2008 BEAUFORT SEA & MACKENZIE DELTA CALL FOR NOMINATIONS

Closing at 4 p.m. (E.T.) on January 30, 2008

1. Call for Nominations

The Minister of Indian Affairs and Northern Development hereby calls for the submission of nominations for Frontier Lands, as defined in the *Canada Petroleum Resources Act*, located in the Beaufort Sea and the Mackenzie Delta. Maps are attached for reference.

Lands currently under licence which revert to Crown reserve status during the course of this call for nominations may also be posted. Please check our website at:

http://www.ainc-inac.gc.ca/oil/act/righ/admin_e.html. This site will list any licence terminations.

Posting requests received at the latest **on January 30, 2008**, by **4 p.m., E.T.** will be considered by the Minister for inclusion in a call for bids tentatively scheduled to be issued early February 2008 pursuant to Section 14 of the *Canada Petroleum Resources Act*. Terms and conditions of the proposed call for bids are attached for information.

2. Content of Posting Requests

All posting requests must be described in accordance with the attached Guidelines for Posting Parcels North of Latitude 60° N. Each tract posted shall comprise laterally or diagonally contiguous blocks.

The size of parcels posted varies according to location. Table 1 below sets out the minimum and maximum size of parcels within each area.

A Posting Request Form is attached and should accompany the request.

TABLE 1 MINIMUM AND MAXIMUM SIZE OF PARCELS*		
(Parcels straddling line "A" will have their maximum size determined by using the maximum size indicated for south of Line "A")		
Location	Minimum	Maximum
North of latitude 75° N. onshore and offshore	1 grid	8 grids
North of Line A including Arctic Islands and area subject to work prohibition order North of latitude 70° N. South of latitude 70° N.	1 grid 2 grids	6 grids 12 grids
South of Line A including Beaufort Sea and mainland Territories (excluding Mackenzie Delta and Tuktoyaktuk Peninsula) North of latitude 70° N. South of latitude 70° N. Area subject to work prohibition order *Parcels straddling Line "A"	½ grid 1 grid ¼ grid	3 grids 6 grids 3 grids
Mackenzie Delta west of longitude 133° W. and Tuktoyaktuk Peninsula	¼ grid	4 grids

3. Submission of Posting Requests

All requests should be submitted by fax at the latest on **January 30, 2008** by **4 p.m. E.T.** Each request should be addressed as follows:

“Beaufort Sea & Mackenzie Delta Request for Posting”

Closing January 30, 2008

Attention: Oil and Gas Management

Northern Oil and Gas Branch

FAX: (819) 953-5828

Requesters are advised to give prior notice of their intent to submit a fax by calling (819) 997-0048 or (819) 934-9392 immediately prior to transmission. Telephone confirmation will be provided, if requested, upon receipt of the fax. Only the fax copy is necessary; original copies are not required.

All submissions received will become property of the Crown and will not be returned. All information concerning nominations will remain confidential.

4. Priority of Posting

Priority of posting will be determined by order of receipt. Time of receipt will be that recorded by the fax machine of the Oil and Gas Management Directorate in Gatineau.

In case of overlapping requests, the first to be received will have priority. The second requester will be informed of the area remaining in the request which does not overlap a prior nomination. The second requester will be required to state whether they would like to maintain their posting on the remaining lands or withdraw the request.

5. Specific Considerations

5.1 Area Subject to Environmental Considerations

Operators wishing to carry out activities as a result of this process will be required to comply with all federal environmental requirements defined in the Inuvialuit Land Claims Agreement as well as those stemming from the *Canadian Environmental Assessment Act*, the *Canada Oil and Gas Operations Act*, the *Territorial Lands Act*, the *Arctic Waters Pollution Prevention Act*, and other applicable legislation.

The shaded area on the attached map has been identified by the Inuvialuit and other wildlife specialists as being of particular importance, and is intended to alert potential nominators that this area may be subject to additional regulatory terms and conditions.

Following an extensive aerial reconnaissance in 2006, the territorial Department of Environment and Natural Resources recently concluded that there are significant declines in the Cape Bathurst and Bluenose-West caribou herds. Operators should be aware that oil and gas activity in the range of both the Cape Bathurst and the Bluenose-West herds may be subject to restrictions when caribou migrate into the project area.

In addition, the entire onshore of the call area is grizzly bear habitat. The Committee on the Status of Endangered Wildlife in Canada (COSEWIC) has recommended that grizzly bears be listed as "vulnerable" under the Federal Species at Risk Act. Additional mitigative measures may be required at the activity stage. Potential operators should contact the Department of Environment and Natural Resources in Inuvik (Marsha Branigan, Manager Wildlife Management) for further information at (867) 777-7310.

Fisheries and Oceans has proposed the Tarium Niryutait Marine Protected Area (MPA) for the Beaufort Sea, offshore of the Mackenzie Delta. The proposed MPA consists of 3 areas, Imaryuk (Shallow Bay), Okeevik (east Mackenzie Bay near Kendall and Pelly Islands) and Kittigaryuit (Kugmallit Bay). Industry is encouraged to consult with Fisheries and Oceans prior to any proposed work activities in the onshore/offshore that could impact marine habitat, by contacting the Habitat Biologist in Inuvik at (867) 777-7500.

Also, some offshore areas could be a migratory route for whales and be considered sensitive. For example, the work season may be restricted to those months when the proposed type of activity will not have a significant environmental impact on sensitive fish and mammal habitats, birds or other species and there may be conditions relating to drilling fluids and waste discharges.

Site specific environmental protection plans may be required by the proponent prior to the commencement of activity. These plans would describe the necessary procedures the operator would take to minimize any environmental impacts to sensitive fish and mammal habitats, birds or other species in the region.

5.2 Area Subject to Work Prohibition Orders

As in the past, part of the west Beaufort Sea continues to be subject to work prohibition orders. All tracts nominated in this area shall be subject to the same terms and conditions as tracts nominated in the adjacent offshore area. However, should an Exploration Licence be issued in this area as a result of a Call for Bids, an Order, made pursuant to section 12 of the *Canada Petroleum Resources Act*, would be issued to prohibit any activity in the area together with a commensurate

suspension of the requirements of the Exploration Licence.¹

Nothing in this Call for Nominations shall affect or prejudice in any manner Canada's position with respect to the nature or extent of jurisdiction or sovereign rights over maritime areas in the Beaufort Sea.

6. Resulting Call for Bids

The individual or company that requested the posting of a parcel(s) is also expected to submit a bid(s) in the Call for Bids. The Minister reserves the right to refuse future posting requests by that individual or company if a bid is not submitted.

The Minister is not obliged to proceed with a Call for Bids for any lands posted.

¹ *Canada Petroleum Resources Act*, s.s.12.

- (1) The Governor in Council may, in the case of
 - (a) a disagreement with any government concerning the location of an international boundary,
 - (b) an environmental or social problem of a serious nature, or
 - (c) dangerous or extreme weather conditions affecting the health or safety of people or the safety of equipment, by order, prohibit any interest owner specified in the order from commencing or continuing any work or activity on the frontier lands or any portion thereof that are subject to the interest of that interest owner.
- (2) Where, by reason of an order made under subsection (1), any requirement in relation to an interest cannot be complied with while the order is in force, compliance with the requirement is suspended until the order is revoked.
- (3) Notwithstanding any other provision in this Act, the term of an interest that is subject to an order under subsection (1) and the period provided for compliance with any requirement in relation to the interest are extended for a period equal to the period that the order is in force.
- (4) Nothing in this section affects the authority of the Minister to relieve a person from any requirement in relation to an interest or under this Act or the regulations.

MAP

Department of Indian Affairs
 and Northern Development
 Northern Oil and Gas Branch
 postal address:
 10th Floor - 15/25 Eddy Street
 OTTAWA ON K1A 0H4
 Fax: (819) 953-5828

Guidelines for Posting Parcels North of Latitude 60° N

These guidelines summarize the land description system for parcels north of latitude 60° N. For more detailed information see Section 4 of the *Canada Oil and Gas Land Regulations*. . [Geographic coordinates are referenced to North American Datum 1927.]

Land areas are divided into **grids**, grids into **sections**, and sections into **units**.

Grids are bounded to the east and west by successive meridians of longitude:

- a) for lands south of latitude 70° N, the boundaries are spaced every 15' of longitude (e.g., 122° 00' W and 122° 15' W), or
- b) for lands north of latitude 70° N, they are spaced every 30' of longitude (e.g., 122° 00' W and 122° 30' W).

To the north and south, the boundaries of grids are defined by straight lines joining the points of intersection of their east and west boundaries with successive parallels of latitude spaced every 10' (e.g., 60° 00' N and 60° 10' N). Every grid area is referred to by the latitude and longitude co-ordinates of its northeast corner (e.g., 60° 10' N, 122° 00' W).

The number of **sections** into which a grid is divided depends on the latitude where the grid is located.

A section is bounded to the east and west by meridians:

- i) for lands between latitudes 70° and 75°, the boundaries are spaced at intervals of 1/10 of the distance between the east and west boundaries of the grid area, or
- ii) for lands between 60° and 68°, and between 75° and 78°, they are spaced at intervals of 1/8 of this distance, or
- iii) for lands between 68° and 70°, and between 78° and 85°, they are spaced at intervals of 1/6 of this distance.

To the north and south, the boundaries of sections are defined by straight lines drawn parallel to the north and south boundaries of the grid and spaced at intervals of 1/10 of the distance between these boundaries.

Thus, grids have 100, 80 or 60 sections (10x10, 8x10, or 6x10) depending on their location.

The sections are numbered and each is referred to by its number (see the example in Figure 1).

Every section is divided into 16 equal **units**, each of which is identified by a letter (see Figure 2).

Fig. 1 A Grid with 80 sections

80	70	60	50	40	30	20	10
				39			
				38			
				37			
				36			
75	65	55	45	35	25	15	5
				34			
				33			
				32			
71	61	51	41	31	21	11	1

Fig. 2 Units in a section

M	N	O	P
L	K	J	I
E	F	G	H
D	C	B	A

PART A
Proposed Terms and Conditions of the 2008
BEAUFORT SEA & MACKENZIE DELTA
Call for Bids
Closing ☞☞☞

The Minister of Indian Affairs and Northern Development hereby calls for the submission of bids in respect of (☞☞☞) parcels comprising the following lands located in the area of the Beaufort Sea/Mackenzie Delta:

PARCEL (hectares) Issuance Fee = \$ ☞☞☞☞		
Latitude	Longitude	Portion

Insert parcel(s) description and map

1. Acceptance and Agreement - *Canada Petroleum Resources Act s.s. 24.1*

Any submission of a bid in response to a call for bids shall be made on the understanding that the terms and conditions as contained herein are accepted and agreed to by the bidder. Such understanding shall include the acceptance of and agreement with the terms and conditions contained within the form of the **Exploration Licence** and with the **Benefits Statement of Principles**, copies of which are available by request or by downloading from our website.

2. Exploration Licence - *Canada Petroleum Resources Act s.s. 14.3 (a)*

Any exploration licence which may result from a call for bids will be issued pursuant to the *Canada Petroleum Resources Act (CPRA)*, R.S., 1985, c. 36, 2nd supplement, or legislation made in amendment thereof or in substitution therefor and any regulations made thereunder from time to time.

Term - *Canada Petroleum Resources Act s.s. 14.3 (c)*

The term for exploration licences issued from the **2008 Beaufort Sea/Mackenzie Delta Call for Bids** will be nine (9) years consisting of two consecutive periods of five (5) and four (4) years

3. Submission of Bids - *Canada Petroleum Resources Act s.s. 14.3 (e), (f)*

Sealed bids must be delivered, either by registered mail or in person, to the following address prior to **NOON**, Mountain Time on ~~☐☐☐~~ **date specified**:

Data Coordinator
National Energy Board
Frontier Information Office
444 Seventh Avenue S.W.
CALGARY AB T2P 0X8

Each bid submitted in response to a Call must be addressed to the Minister of Indian Affairs and Northern Development and be in double sealed envelopes bearing no corporate identification. The outer envelope should be clearly marked with the date and call name, i.e. "**2008 Beaufort Sea/Mackenzie Delta Call for Bids**". The inner envelope(s) should be clearly marked with the date, call name and parcel number", i.e. "**2008 Beaufort Sea/Mackenzie Delta Call for Bids - Parcel No____**".

Individuals or companies submitting more than one bid may place all bids in a single outer envelope.

The **Bid Submission Form** is available by request or by downloading from our website.

To be accepted, bids must be accompanied by separate financial instruments in respect of the issuance fee (**clause 6 of Part B**) and of the Work Deposit (**clause 10 of Part B**).

4. Related Requirements

The exercise of petroleum exploration rights is subject to specific terms and conditions including:

Conditions Relating to the Environment

Operators wishing to carry out activities as a result of this process are advised to carefully review the environmental elements defined in the Inuvialuit Land Claims Agreement as well as those stemming from the *Canadian Environmental Assessment Act*, the *Canada Oil and Gas Operations Act*, the *Territorial Lands Act*, the *Arctic Waters Pollution Prevention Act*, and other applicable legislation.

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Land Claims Requirements

The successful bidder shall comply with the terms of the Inuvialuit Land Claim Agreement. Interested parties should be familiar with the Agreement.

Northern Benefits Requirements

The successful bidder shall adhere to the **Northern Benefits Requirements Associated with New Exploration Programs** which is available by request or by downloading from our website.

Information

For more information on this call, the rights issuance process or the resource management regime, please contact:

Manager, Land Tenure
Northern Oil and Gas Branch
Department of Indian Affairs and Northern Development
15/25 Eddy Street, 10th Floor
OTTAWA ON K1A 0H4
Tel: (819) 934-9392; Fax: (819) 953-5828
E-mail : VanderValkM@inac.gc.ca

Rights Issuance
Northern Oil and Gas Branch
Department of Indian Affairs and Northern Development
15/25 Eddy Street, 10th Floor
OTTAWA ON K1A 0H4
Tel: (819) 997-0048; Fax: (819) 953-5828
E-mail : STJEANLL@inac.gc.ca

Northern Oil and Gas information, including maps, may be found on and downloaded from the DIAND web site at http://www.ainc-inac.gc.ca/oil/index_e.html

Any geological and well information with respect to the lands or area which is available for public disclosure may be obtained from:

Data Coordinator
National Energy Board
Exploration and Production
444 Seventh Avenue SW
CALGARY AB T2P 0X8
Fax: (403) 292-5876 /Phone: (403) 292-4800