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**2009-2010 CALL FOR NOMINATIONS**  
(request for postings)

**BEAUFORT SEA & MACKENZIE DELTA**

Launch date: December 22, 2009

Closing at 4 P.M. (E.T.) on  
January 28, 2010

**2009-2010 BEAUFORT SEA & MACKENZIE DELTA  
CALL FOR NOMINATIONS  
Closing at 4 p.m. (E.T.) on January 28, 2010**

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**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 refer to our registry activities at [www.ainc-inac.gc.ca/nth/og/rm/ra/mra/index-eng.asp](http://www.ainc-inac.gc.ca/nth/og/rm/ra/mra/index-eng.asp). This site will list any changes to licences, such as surrenders and terminations, and is updated frequently.

Posting requests received at the latest on **January 28, 2010, 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 2010 pursuant to Section 14 of the *Canada Petroleum Resources Act*. Proposed 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. The following Table 1 sets out the minimum and maximum size of parcels within each area.

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

<b>TABLE 1 MINIMUM AND MAXIMUM SIZE OF PARCELS</b>		
Location	Minimum	Maximum
<b>North of latitude 75° N.</b> onshore and offshore	1 grid	8 grids
<b>North of Line "A"</b> ** including Arctic Islands and area subject to work prohibition order		
North of latitude 70 N.	1 grid	6 grids
South of latitude 70 N.	2 grids	12 grids
<b>South of Line "A"</b> ** including Beaufort Sea and mainland Territories (excluding Mackenzie Delta and Tuktoyaktuk Peninsula)		
North of latitude 70 N.	½ grid	3 grids
South of latitude 70 N.	1 grid	6 grids
Area subject to work prohibition order	¼ grid	3 grids
<b>Mackenzie Delta</b> west of longitude 133 W and Tuktoyaktuk Peninsula	¼ grid	4 grids

\*Parcels straddling line "A" will have their maximum size determined by using the maximum size indicated for south of Line "A"

### 3. Submission of Posting Requests

All requests should be submitted by fax at the latest on **January 28, 2010** by **4 p.m. E.T.** Each request should be addressed as follows:

Beaufort Sea & Mackenzie Delta Request for Posting  
**Closing January 28, 2010**  
 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) 997-0877 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 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 Final 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*, the *Migratory Birds Convention Act*, the *Species at Risk Act*, the *Fisheries Act*, the *Canadian Environmental Protection Act* and other applicable legislation.

The Petroleum and Environmental Management Tool (PEMT) ([www.ainc-inac.gc.ca/nth/og/pemt/index-eng.asp](http://www.ainc-inac.gc.ca/nth/og/pemt/index-eng.asp)) ranks the southern Beaufort Sea and Mackenzie Delta area in terms of relative environmental and socio-economic sensitivity. This information has been identified by Inuvialuit and wildlife specialists and is intended to alert potential nominators that this area may be subject to additional regulatory terms and conditions. In areas of the call not covered by the PEMT, please refer to the "Area subject to specific environmental considerations" on the Call for Nominations map.

The Bering-Beaufort-Chuckchi population of Bowhead whales was designated as a species of "special concern" under the *Species at Risk Act* (SARA) in January 2008. Bowhead whales use habitats throughout most of the call area during the spring, summer and fall. The eastern Pacific Grey whale is currently listed as a species of "special concern" under SARA, and has been observed in the southern Beaufort Sea during the open water period with increasing regularity. For further information, operators are encouraged to contact Fisheries and Oceans in Inuvik (Amanda Joynt) at (867) 777-7515.

Environment Canada, Canadian Wildlife Service (EC-CWS) manages several Migratory Bird Sanctuaries and has identified a number of Key Migratory Bird Habitat Sites in the Northwest Territories that are essential to the welfare of various migratory bird species in Canada. Proponents are encouraged to contact the EC-

CWS office in Yellowknife at (867) 669-4763 for further information on reducing impacts to migratory birds and their habitat.

Based on the July 2006 photocensus, the territorial Department of Environment and Natural Resources concluded that there are significant declines in the Cape Bathurst and Bluenose-West caribou herds. The 2009 photocensus estimates indicate the herds have stabilized at low numbers. 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.

The entire offshore and coastal area of the call area is potential Polar Bear habitat. The Committee on the Status of Endangered Wildlife in Canada has recommended that Polar Bears be listed as "special concern" under SARA. Additional mitigative measures may be required at the activity stage.

In addition, the entire onshore of the call area is Grizzly Bear habitat. The Committee on the Status of Endangered Wildlife in Canada has recommended that Grizzly Bears be listed as "special concern" under SARA. Additional mitigative measures may be required at the activity stage. Other Species at Risk in the call area include Wolverine and Peregrine Falcons. Additional mitigative measures may be required at the activity stage for these species.

For more information on wildlife and suggested monitoring and mitigation measures potential operators should contact the Department of Environment and Natural Resources in Inuvik (Marsha Branigan, Manager Wildlife Management) at (867) 678-6670.

## 5.2 Area Subject to Work Prohibition Orders

Part of the western Beaufort Sea is subject to work prohibition orders<sup>1</sup>. Although lands may be nominated within this general area, the Minister may decide not to include these within a subsequent Call for Bids. Should an exploration licence be issued, it may be subject to a work prohibition order pursuant to s.12 of the *Canada Petroleum Resources Act*.

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 will take into account all nominations in developing a Call for Bids but may modify nominations to configure a bid block following consultation with the nominee.

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

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<sup>1</sup> *Canada Petroleum Resources Act*, 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 equipmentby 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.



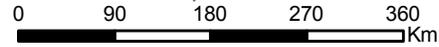
Indian and Northern  
Affairs Canada

Affaires indiennes  
et du Nord Canada

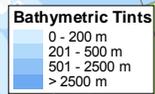
2009 - 2010

Northern Oil And Gas Directorate  
**Call for Nominations**  
Beaufort Sea - Mackenzie Delta

Direction du pétrole et gaz du Nord  
**Demande de désignations**  
Mer de Beaufort - Delta du Mackenzie



- Line A. see Call for Nominations  
Ligne A. voir Demande de désignations
  - - - Outer boundary of the call  
périmètre de la demande de désignations
  - ▨ Licences within this area subject to work  
prohibition (refer to call documents)  
Les licences et permis visant cette aire sont sujets  
à une interdiction de poursuivre les travaux (veuillez  
vous référer aux documents de la Demande de désignations)
  - ▨ Inuvialuit 7(1)(b) Land (surface only)  
Terres des Inuvialuit 7(1)(b) (surface seulement)
  - ▨ Area subject to specific environmental considerations\*  
Région sujette à des considérations d'ordre environnemental.\*
  - Areas not available. / Régions non disponibles.**
  - ▨ Existing Oil & Gas Rights  
Droits pétroliers actuels
  - ▨ Proposed Marine Protected Area  
Projet de zone de protection marine
  - ▨ Kendall Island Migratory Bird Sanctuary  
Refuge d'oiseaux migrateurs de l'île Kendall
  - ▨ Inuvialuit 7(1)(a) Land (surface & subsurface)  
Terres des Inuvialuit 7(1)(a) (surface et sous-sol)
  - ▨ Other / autre
- In southern regions of the call area, the Petroleum and Environmental  
Management Tool (PEMT) at [www.ainc-inac.gc.ca/nth/og/](http://www.ainc-inac.gc.ca/nth/og/)  
should be consulted for information on environmental sensitivities.  
Dans les régions du sud de l'aire visée par la Demande de désignations,  
l'outil de gestion de l'environnement et des ressources pétrolières  
(OGERP) ([www.ainc-inac.gc.ca/nth/og/](http://www.ainc-inac.gc.ca/nth/og/)) devrait être consulté pour de  
l'information sur les sensibilités environnementales.
- Note: map for illustrative purposes only. / Nota: carte présentée comme aidevisuelle seulement.



80°

75°

70°

-120°

-110°

75°

70°

ARCTIC OCEAN  
OCEAN ARCTIQUE

Beaufort Sea  
Mer de Beaufort

NUNAVUT

YUKON

Tuktoyaktuk

Aklavik Inuvik

N.W.T. / T.N.-O.

Line A / ligne A

-140°

-130°

-120°

OGMD 2009-12 -110°

-141° -140° -139° -138° -137° -136° -135° -134° -133° -132°



Indian and Northern Affairs Canada

Affaires indiennes et du Nord Canada

2009 - 2010

Northern Oil And Gas Directorate  
Call for Nominations  
Beaufort Sea - Mackenzie Delta

Direction du pétrole et gaz du Nord  
Demande de désignations  
Mer de Beaufort - Delta du Mackenzie

0 25 50 75 100 Km

71°

70°

Beaufort Sea  
Mer de Beaufort

Line A / ligne A

Herschel Island  
Territorial Park

Parc national  
INUVIK

Tuktoyaktuk

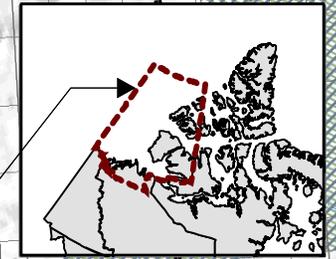
Inuvik

Aklavik

N.W.T. / T.N.O.

8

- - - Line A. see Call for Nominations  
 Ligne A. voir Demande de désignations  
 - - - Outer boundary of the call  
 périmètre de la demande de désignations  
 Licences within this area subject to work prohibition (refer to call documents)  
 Les licences et permis visant cette aire sont sujets à une interdiction de poursuivre les travaux (veuillez vous référer aux documents de la Demande de désignations)  
 Inuvialuit 7(1)(b) Land (surface only)  
 Terres des Inuvialuit 7(1)(b) (surface seulement)  
**Areas not available. / Régions non disponibles.**  
 Proposed Marine Protected Area  
 Projet de zone de protection marine  
 Kendall Island Migratory Bird Sanctuary  
 Refuge d'oiseaux migrateurs de l'île Kendall  
 Other / autre  
 Existing Oil & Gas Rights  
 Droits pétroliers actuels  
 Inuvialuit 7(1)(a) Land (surface & subsurface)  
 Terres des Inuvialuit 7(1)(a) (surface et sous-sol)  
 For information on environmental sensitivities, please refer to the Petroleum and Environmental Management Tool (PEMT) at [www.ainc-inac.gc.ca/nth/og/](http://www.ainc-inac.gc.ca/nth/og/)  
 Pour de l'information sur les sensibilités environnementales, veuillez vous référer à l'outil de gestion de l'environnement et des ressources pétrolières (OGERP) au : [www.ainc-inac.gc.ca/nth/og/](http://www.ainc-inac.gc.ca/nth/og/)  
 Note: map for illustrative purposes only. /  
 Nota: carte présentée comme aidevisuelle seulement.



Outer boundary of the call /  
périmètre de la demande de désignations

71°

70°

69°

68°

-137°

-136°

-135°

-134°



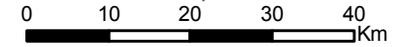
Indian and Northern Affairs Canada

Affaires indiennes et du Nord Canada

2009 - 2010

Northern Oil And Gas Directorate  
Call for Nominations  
Beaufort Sea - Mackenzie Delta

Direction du pétrole et gaz du Nord  
Demande de désignations  
Mer de Beaufort - Delta du Mackenzie



Line A / ligne A

Tuktoyaktuk

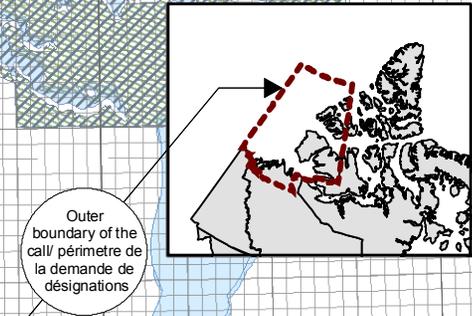
60°

69°

- - - Line A. see Call for Nominations  
 Ligne A. voir Demande de désignations  
 - - - Outer boundary of the call  
 périmètre de la demande de désignations  
 Inuvialuit 7(1)(b) Land (surface only)  
 Terres des Inuvialuit 7(1)(b) (surface seulement)  
**Areas not available. / Régions non disponibles.**  
 Existing Oil & Gas Rights  
 Droits pétroliers actuels  
 Proposed Marine Protected Area  
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 Kendall Island Migratory Bird Sanctuary  
 Refuge d'oiseaux migrateurs de l'île Kendall  
 Inuvialuit 7(1)(a) Land (surface & subsurface)  
 Terres des Inuvialuit 7(1)(a) (surface et sous-sol)  
 Other / autre

For information on environmental sensitivities, please refer to the Petroleum and Environmental Management Tool (PEMT) at [www.ainc-inac.gc.ca/nth/og](http://www.ainc-inac.gc.ca/nth/og)  
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N.W.T. / T.N.-O.



Outer boundary of the call /  
périmètre de la demande de désignations

-136°

-135°

-134°

-133°

OGMD 2009-12

## 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 coordinates 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

**Fig 1 : Sample 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

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 2: Units in a section**

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

## POSTING REQUEST FORM

### Call for Nominations

\_\_\_\_\_  
 (Insert Call Title)

This posting request is submitted in response to the subject Call for Nominations closing on \_\_\_\_\_  
 (Insert Closing Date yyyy-mm-dd)

\_\_\_\_\_  
 (Name of individual or corporation)

\_\_\_\_\_  
 (Phone number / fax number)

**Requests that the following lands be posted in the next call for bids to be held for the area associated with the above-noted Call for Nominations.**

\_\_\_\_\_  
 Signature

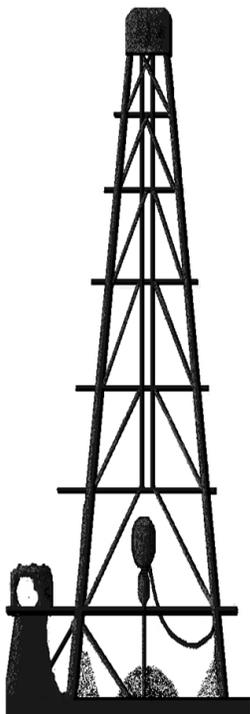
\_\_\_\_\_  
 Date

\_\_\_\_\_  
 Print name and title

Latitude	Longitude	Section(s)	# of Sections
<b>Total number of sections:</b>			

Each request for a posting must conform to the size limitations described in the Call for Nominations

Indian and Northern Affairs Canada  
 Northern Oil and Gas Branch  
 Fax: (819) 953-5828



## PART A

Proposed Terms and Conditions  
Specific to the 2009-2010 BEAUFORT SEA & MACKENZIE DELTA Call for Bids  
Closing -- date to be announced  
(To be read in conjunction with Part B)

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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:

<b>PARCEL</b> ( hectares ) Issuance Fee = \$		
<b>Latitude</b>	<b>Longitude</b>	<b>Portion</b>

**PARCEL(S) DESCRIPTION AND MAP WILL BE INSERTED**

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### 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 included in this package.

### 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*, R.S., 1985, c. 36, 2nd supplement, or legislation made in amendment thereof or in substitution therefore 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 **2010 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***:

Compliance Information Analyst  
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. **2010 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. **2010 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 included in this package.

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 Bid Deposit (**clause 10 (a) of Part B**).

**(Note : For sections 4 to 16, please refer to the Part B of the *General Terms and Conditions of a Call for Bids North of 60°*; found on page 16 of this package.)**

**17. Related Requirements**

The exercise of petroleum exploration rights may be subject to specific terms and conditions relating to the environment, and must comply with requirements under Land Claims and for northern benefits.

***Conditions Relating to the Environment***

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 Final 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*, the *Migratory Birds Convention Act*, the *Species at Risk Act*, the *Fisheries Act*, the *Canadian Environmental Protection Act* and other applicable legislation.

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For more information on wildlife and suggested monitoring and mitigation measures potential operators should contact the Department of Environment and Natural Resources in Inuvik (Marsha Branigan, Manager Wildlife Management) at (867) 678-6670.

***Land Claims Requirements***

The successful bidder shall comply with the terms of the *Inuvialuit Final 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 attached or available by request or by downloading from the Northern Oil and Gas Branch website.

## ***Further Information and Contacts***

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

Lucie St-Jean  
Rights Administrator / Registrar  
Oil and Gas Management Directorate  
Northern Oil and Gas Branch  
Department of Indian Affairs and Northern Development  
15/25 Eddy Street, 10<sup>th</sup> Floor  
OTTAWA ON K1A 0H4  
Tel: (819) 997-0048; Fax: (819) 953-5828  
E-mail: [Lucie.StJean@ainc-inac.gc.ca](mailto:Lucie.StJean@ainc-inac.gc.ca)

Ursula Beddoes  
Manager, Land Tenure  
Oil and Gas Management Directorate  
Northern Oil and Gas Branch  
Department of Indian Affairs and Northern Development  
15/25 Eddy Street, 10<sup>th</sup> Floor  
OTTAWA ON K1A 0H4  
Tel: (819) 934-9392; Fax: (819) 953-5828  
E-mail : [Ursula.Beddoes@ainc-inac.gc.ca](mailto:Ursula.Beddoes@ainc-inac.gc.ca)

For more information on Northern Oil and Gas, refer to our website at :  
[www.ainc-inac.gc.ca/nth/og/](http://www.ainc-inac.gc.ca/nth/og/)

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  
Tel: (403) 292-4800; Fax: (403) 292-5876

**PART B**  
General Terms and Conditions of a  
Call for Bids North of 60°

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*The management of oil and gas resources north of 60°N latitude offshore and in the Northwest Territories and Nunavut is a federal responsibility. This responsibility is carried out by the Northern Oil and Gas Branch of the Department of Indian Affairs and Northern Development.*

**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 the Northern Oil and Gas Branch 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*, 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 is stated in Part A of the Bid Package.

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

Calls for Bids remain open for at least 120 days following publication in the Canada Gazette.

Sealed bids must be delivered, either by registered mail or in person, to the following address prior to NOON, Mountain Time on date specified in Part A of the Bid Package:

Compliance Information Analyst  
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. The inner envelope(s) should be clearly marked with the date, call name and parcel number.

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

The *Bid Submission Form* is attached to this package.

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

**4. Bid Selection Criterion - *Canada Petroleum Resources Act s.s. 14.3 (g)***

Selection of the successful bid will be made on the basis of a single criterion, namely, the total amount of money that the bidder proposes to spend doing exploratory work on each parcel within Period 1 of the term of the exploration licence (Work Proposal Bid).

**5. Minimum Bid - *Canada Petroleum Resources Act s.s. 14.3 (d)***

Work proposal bids of less than \$1,000,000.00 for each parcel will not be considered.

**6. Issuance Fees - *Frontier Lands Registration Regulations s. 15***

Issuance fees of \$250.00 per grid, or portion thereof, must be submitted with the bid by separate cheque made payable to the "Receiver General for Canada".

**7. Environmental Studies Research Fund (ESRF) Levies - *Canada Petroleum Resources Act s. 81***

Exploration licences are subject to the payment of ESRF levies in accordance with section 81 of the *Canada Petroleum Resources Act*. Where applicable, the ESRF manager will send notices to the interest holders.

**8. Work Requirement - *Canada Petroleum Resources Act s.s. 14.3(c)***

The drilling of one (1) exploratory or delineation well prior to the end of Period 1 of the term is a condition precedent to obtaining tenure to Period 2.

Such a well should reach a depth sufficient to evaluate a prospective horizon as described in the geological prognosis in the application for *Authority to Drill a Well*.

Where a well has been commenced and drilling is being pursued diligently, Period 1 shall continue until the well has been completed. Period 2 shall be

reduced accordingly.

Failure to drill a well on the lands by the end of Period 1 will result in the termination of the Exploration Licence. Consequently, lands revert to the Crown.

## **9. Drilling Deposit**

The interest owner may, at its option, in order to meet the work requirement, extend Period 1 for one year by posting a Drilling Deposit, in the name of the Receiver General for Canada with the Northern Oil and Gas Directorate of the Department of Indian Affairs and Northern Development, before the end of the last year of Period 1. Where Period 1 is extended by the posting of a Drilling Deposit, Period 2 shall be reduced accordingly.

This Drilling Deposit shall be in the amount of \$1,000,000.00 and in a form acceptable to the Department. If a Drilling Deposit is posted, it will be refunded in full if the licence is validated as required to obtain tenure for Period 2 by the drilling of a well. If a validation well is not drilled or has not been commenced within the one year extension, the Drilling Deposit will be forfeited to the Receiver General for Canada upon the termination of the licence at the end of Period 1. If a well has been commenced and drilling operations are being diligently pursued, Period 1 will continue until the well has been completed. Allowable expenditures cannot be applied against the Drilling Deposit.

As a result of the extension of Period 1 by the posting of a Drilling Deposit, rentals payable in Period 2 will be applicable at the following rates, for the first year after the extension, at \$5.50 per hectare and all subsequent years at \$8.00 per hectare. All other rental provisions remain applicable.

## **10. Deposits**

### **(a) Bid Deposit**

- (i) Each bid must be accompanied by a bid deposit for the specific parcel in the amount of \$10,000, in the form of a certified cheque, money order or bank draft payable to the "Receiver General for Canada". Each bid deposit must relate to a single parcel.
- (ii) Bid deposits will be returned to unsuccessful bidders, without interest, following announcement of the winning bidder(s).

## **(b) Work Deposit**

- (i) The successful bidder will be required to post 25% of the work proposal bid as security for the performance of work within 15 working days. This period commences the day following the notice of winning bids being posted on the Northern Oil and Gas Branch website. This deposit will be referred to as the work deposit.
- (ii) Failure to post the work deposit as security for the performance of work will result in the cancellation of the bid, forfeiture of the bid deposit and disqualification of the bid. In that event, the Minister may, if he sees fit, award the Exploration Licence to the second highest bidder without making another Call for Bids.
- (iii) The bid deposit (\$10,000) will be returned to the winning bidder once the work deposit is received by the Rights Administrator.
- (iv) The work deposit must be submitted in the form of an irrevocable standby letter of credit, a bank draft, money order or certified cheque made payable to the "Receiver General for Canada", or any other negotiable financial instrument approved in advance by the Rights Administrator. Failure to receive pre-approval may result in disqualification of the bid. Company cheques are not considered negotiable financial instruments for this purpose.
- (v) Parties submitting a joint bid may submit separate guarantees representing their proportionate share of the required work deposit, within 15 working days. This period commences the day following the notice of winning bids being posted on the Northern Oil and Gas Branch website. The bid representative as designated on the bid submission form will be responsible for collecting and submitting the holders' share of the work deposit.
- (vi) As expenditures are incurred exploring the exploration licence during Period 1 of the term, work deposits are refundable pursuant to the *Schedule of Allowable Expenditures*. Since work deposits represent 25% of the total amount bid for a parcel, refunds are likewise prorated on the basis of 25% of allowable expenditures incurred. Any work deposit balance remaining at the end of Period 1 will be forfeit.
- (vii) Expenditures incurred in Period 2 of the term will not be credited against the work deposit as these may be credited against Period 2 rentals.

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

Rentals are not applicable during Period 1 of the term.

Rentals paid during Period 2 are refundable at the rates established in the *Schedule of Allowable Expenditures*.

Refunds may be made or future rentals may be waived, as the case may be, as expenditures are incurred on the lands subject to the exploration licence during Period 2 of the term.

Any rental balance remaining at the end of Period 2 will be forfeit.  
In Period 2, rentals will be applicable at the following rates:

1st year	\$3.00/ha
2nd year	\$5.50/ha
3rd and 4th year	\$8.00/ha

Rentals will be payable annually, in advance, and are to be submitted by cheque payable to the "Receiver General for Canada", irrevocable standby letter of credit, or other negotiable financial instrument in a form satisfactory to the Minister.

Rentals for the first year of Period 2 will be payable in full even if Period 1 is extended.

When an Exploration Licence continues in force beyond Period 2 due to the drilling of a well deemed to be pursued diligently in accordance with Section 27 of the *Canada Petroleum Resources Act*, rentals will be payable at the rates applicable during the last year of Period 2. Such rentals will be payable monthly, in advance, at the rate of one twelfth (1/12) of the applicable annual rates.

Rentals may be payable on lands included in a Significant Discovery Licence.

Failure to pay rentals will result in the early termination of the Exploration Licence. Consequently, lands revert to the Crown.

**12. Allowable Expenditures - *Canada Petroleum Resources Act s.s. 14.3 (c)***

Costs related to exploratory work undertaken as part of a program authorized by the National Energy Board may be claimed AT COST.

Refunds of the work deposits of Period 1 and the rentals of Period 2, will be done in accordance with the *Schedule of Allowable Expenditures*, which provides an overview of the classes of exploratory work.

The *Schedule of Allowable Expenditures* is available by request or by downloading from the Northern Oil and Gas Branch website ([www.ainc-inac.gc.ca/nth/og/rm/ri/sd/exp-eng.asp](http://www.ainc-inac.gc.ca/nth/og/rm/ri/sd/exp-eng.asp)).

*Guidance notes on claiming Allowable Expenditures* are available by downloading from the Northern Oil and Gas Branch website ([www.ainc-inac.gc.ca/nth/og/pubs/allow\\_exp/allow\\_exp-eng.asp](http://www.ainc-inac.gc.ca/nth/og/pubs/allow_exp/allow_exp-eng.asp)).

These notes describe the classes and scope of expenditures which may be viewed as allowable under the terms of Exploration Licences issued pursuant to the *Canada Petroleum Resources Act* in areas under the jurisdiction of the Minister of Indian and Northern Affairs, and are intended to assist an interest holder or Representative of the interest owner of Exploration Licences to claim refunds from the Northern Oil and Gas Directorate of the Department of Indian and Northern Affairs.

**13. Acceptance/Rejection of Bids - *Canada Petroleum Resources Act s.s. 15.1***

For the purpose of issuing an Exploration Licence, the Minister will choose the highest bid in terms of the single bidding criterion (Work Proposal Bid).

Bids will be accepted only in relation to an entire parcel.

**14. Issuance of Licence - *Canada Petroleum Resources Act s.s. 16.1, 16.2***

The Minister is not required to issue an interest as a result of a call for bids. The Minister may issue an interest to the successful bidder within six (6) months after the closing date specified in the call for the submission of bids.

**15. Tied Bids**

In the event of two or more bids being tied, each bidder involved will be notified of the tie and have the opportunity to submit a new bid in its proper form within a time frame specified by the Department of Indian Affairs and Northern Development, which will not be for more than twenty-four (24) hours after being notified.

**16. Notification of Results**

Bidding results will be made available as soon as possible following the closing of the call via posting on the Northern Oil and Gas Branch website ([www.ainc-inac.gc.ca/nth/og/](http://www.ainc-inac.gc.ca/nth/og/))

The identities of unsuccessful bidders and the amounts of their bids will not be disclosed.

**17. Related Requirements**

The exercise of petroleum exploration rights is subject to specific terms and conditions in effect for the region of the call and are found in Part A.

## ***Further Information and Contacts***

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

Lucie St-Jean  
Rights Administrator / Registrar  
Oil and Gas Management Directorate  
Northern Oil and Gas Branch  
Department of Indian Affairs and Northern Development  
15/25 Eddy Street, 10<sup>th</sup> Floor  
OTTAWA ON K1A 0H4  
Tel: (819) 997-0048; Fax: (819) 953-5828  
E-mail: [Lucie.StJean@ainc-inac.gc.ca](mailto:Lucie.StJean@ainc-inac.gc.ca)

Ursula Beddoes  
Manager, Land Tenure  
Oil and Gas Management Directorate  
Northern Oil and Gas Branch  
Department of Indian Affairs and Northern Development  
15/25 Eddy Street, 10<sup>th</sup> Floor  
OTTAWA ON K1A 0H4  
Tel: (819) 934-9392; Fax: (819) 953-5828  
E-mail : [Ursula.Beddoes@ainc-inac.gc.ca](mailto:Ursula.Beddoes@ainc-inac.gc.ca)

For more information on Northern Oil and Gas, refer to our website at :  
[www.ainc-inac.gc.ca/nth/og/](http://www.ainc-inac.gc.ca/nth/og/)

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  
Tel: (403) 292-4800; Fax: (403) 292-5876

## **NORTHERN BENEFITS REQUIREMENTS ASSOCIATED WITH NEW EXPLORATION PROGRAMS**

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### **A. Benefits Statement of Principles**

Companies engaged in exploration activities on frontier lands are expected to follow the principles outlined below.

It is recognized that the nature and duration of work programs must be considered in determining the extent to which companies are able to implement the benefits principles.

#### **Industrial Benefits**

The company is committed to obtaining its goods and services on a fair and competitive basis. The company will support and encourage the development of regional businesses by considering potential suppliers for work associated with the program on the basis of best value, competitiveness and benefits to the regional communities and by providing relevant information to the supply community. Within the context of its general procurement policy, the company will conduct its operations so as to optimize the short and long-term benefits accruing to the North by providing opportunities for involving northern businesses on a full, fair and competitive basis.

The company is committed to work with regional communities and government agencies to identify potential business development opportunities.

The company is committed to ensuring that its contractors follow the above with respect to all subcontracting opportunities.

#### **Employment and Training**

The company is committed to the principles of fair and equal employment and training opportunities consistent with the *Canadian Charter of Rights and Freedoms*. This commitment will promote fairness in employment opportunities and avoid employment practices which result in employment barriers. The company will give first consideration to qualified individuals resident in the regional communities.

The company is committed to work with regional communities and government agencies to identify potential employment and training opportunities.

The company is committed to ensuring that its contractors follow the above with respect to all employment and training opportunities.

## Consultation

The company is committed to providing appropriate information concerning its exploration programs to concerned individuals, groups and communities in the region. Exchanging relevant information in a timely fashion will enable the company to assess the potential local economic and employment opportunities.

## Compensation

The company will provide fair and equitable compensation to individuals involved in hunting, trapping and fishing in the event of adverse impacts demonstrated to result from project-related activities.

## B. Annual Report Requirement

The company will submit an annual report within **three** months of the completion date of its seasonal work program.

The report should contain the following information:

- (i) a brief work program description;
- (ii) total program costs (total value of purchased goods and services, total direct wages and total direct work months);
- (iii) total direct wages by northern community of residence;
- (iv) total direct work months by community of residence;
- (v) number of northern community residents employed for each program component (e.g. seismic, drilling, support and construction);
- (vi) total value of purchased goods and services from each northern community, including a brief description of the goods and services purchased from each community;
- (vii) listing of consultations undertaken;
- (viii) a brief description of any programs that may be undertaken in the next work season.

Annual reports are to be sent to: Director  
Policy and Coordination  
Northern Oil and Gas Branch  
Department of Indian Affairs and Northern  
Development  
15/25 Eddy Street, 10<sup>th</sup> Floor  
OTTAWA ON K1A 0H4

### **C. Comprehensive Land Claim Settlement Agreements**

The comprehensive land claim settlement agreements for the Inuvialuit, Gwich'in, Sahtu and Nunavut areas contain provisions regarding consultation and benefits as well as other matters such as land and water use, environmental review and surface access. When planning activities in these land claim settlement areas, companies are expected to familiarize themselves with the provisions of the relevant land claim settlement agreement and make early contact with the responsible Aboriginal organization regarding procedures and time lines.

## BID SUBMISSION FORM

Closing date of the Call for Bids: \_\_\_\_\_ (yyyy-mm-dd)

Bid posted on the following parcel: \_\_\_\_\_

Amount of Work Proposal Bid submitted: \_\_\_\_\_  
(Minimum amount of \$1,000,000)

**Bid Deposit (\$10,000)** submitted by: \_\_\_\_\_

**The Bid Deposit is submitted in the form of:**

Certified cheque \_\_\_\_\_ Money order \_\_\_\_\_ Bank draft \_\_\_\_\_

**NOTE: The successful bidder will be required to post 25% of the work proposal bid as security for the performance of work within 15 working days. This period commences the day following the notice of winning bids being posted on the Northern Oil and Gas Branch website. This deposit will be referred to as the work deposit.**

If this bid is successful, please issue the Exploration Licence to:

\_\_\_\_\_. \_\_\_\_\_ %  
\_\_\_\_\_. \_\_\_\_\_ %  
\_\_\_\_\_. \_\_\_\_\_ %  
\_\_\_\_\_. \_\_\_\_\_ %

Name of representative and address for service:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

If this bid is not accepted, the bid deposit should be returned to:

\_\_\_\_\_  
\_\_\_\_\_

By Priority Post \_\_\_\_\_  
Other (please specify) \_\_\_\_\_

Indian and Northern Affairs Canada  
Northern Oil and Gas Branch  
10<sup>th</sup> Floor – 15/25 Eddy Street  
GATINEAU QC K1A 0H4  
FAX: (819) 953-5828

## Exploration Licence Template

THIS LICENCE is effective as of the \_\_\_\_\_

ISSUED BY THE MINISTER OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT  
(hereinafter called the "Minister"),

TO THE INTEREST OWNER, \_\_\_\_\_

WHEREAS the Minister is empowered pursuant to the Act to issue an Exploration Licence (hereinafter called the "Licence") relating to the Lands;

AND WHEREAS the Minister has selected the bid submitted by \_\_\_\_\_ as the winning bid in respect of parcel No. \_\_\_\_ posted in the \_\_\_\_\_ Call for Bids;

AND WHEREAS, in submitting such a bid, \_\_\_\_\_ has agreed to the terms and conditions of this Licence;

NOW THEREFORE this Licence is issued upon the following terms and conditions:

### 1. Interpretation

(a) In this Licence, including all Schedules annexed hereto, unless the context requires otherwise:

i. "Act" means the *Canada Petroleum Resources Act*;

ii. "Operations Act" means the *Canada Oil and Gas Operations Act*;

iii. "Lands" means the frontier lands described in Schedule I or such portion thereof that remains subject to this Licence from time to time;

iv. "Period" means a segment or portion of the term described in Schedule III or, if no period is described therein, means the entire term of this Licence;

v. "Regulations" means any and all regulations now made or that may be made at any time under the authority of the Act or the Operations Act, and any Acts passed in substitution therefor.

(b) All words and phrases used in this Licence have the meaning given by the Act, the Operations Act, or the Regulations.

(c) This Licence is issued under and subject to the Act, the Operations Act, and any Act passed in substitution therefor, the Regulations and the provisions of any other Act of Canada and regulations made thereunder that relate to or affect this Licence and the Act. The Regulations and such other Act and other regulations shall be deemed to be incorporated into this Licence as though specifically enumerated herein.

(d) The following Schedules are attached and made part of this Licence:  
Schedule I -Lands Schedule II -Ownership Schedule III -Term and Conditions  
Schedule IV -Representative(s) and Addresses for Service

## **2. Rights**

(a) Subject to the Act and the Operations Act, this Licence confers, with respect to the frontier lands to which this Licence applies,

- i. the right to explore for, and the exclusive right to drill and test for, petroleum;
- ii. the exclusive right to develop those frontier lands in order to produce petroleum; and
- iii. the exclusive right, subject to compliance with the other provisions of the Act, to obtain a production Licence.

(b) This Licence shall be held by the interest holders as to the Lands, in the shares as set forth and described in Schedule II, or as amended from time to time.

(c) The rights under this Licence are subject to the right of any other Licence holder to enter on and use the area subject to this Licence to the extent necessary to enable that other Licence holder to exercise the rights under that other Licence.

## **3. Term**

Subject to the Act, the term of this Licence is as set out in Schedule III.

## **4. Annual Rentals**

(a) Rentals, if any, shall be levied annually at the rate set forth in Schedule III.

(b) Rentals, if levied, shall be paid in advance, in respect of the Lands. The payment of rentals may be secured by cheque, promissory note, letter of credit or other negotiable financial instrument in a form satisfactory to the Minister.

(c) Rentals paid shall be refunded annually at the rate set forth in Schedule III.

## **5. Indemnity**

(a) It is a condition of this Licence that the interest holders shall, in respect of that portion of the Lands to which such interest holder's share relates, at all times, jointly and severally, indemnify and save harmless Canada from and against all claims, demands, loss, costs, damages, actions, suits or other proceedings by whomsoever made, sustained, brought or prosecuted, in any manner based upon, occasioned by, or attributable to, anything done or omitted to be done by, through, or under, or with the consent of the interest owner, or an interest holder, notwithstanding any agreement or arrangement entered into by an interest owner or interest holder which does or may result in the transfer, assignment or other disposition of the interest or share therein, in the fulfilment

of the terms and conditions made herein or in the exercise of the rights or obligations contained herein.

(b) For greater certainty, interest holders in this Licence who do not hold shares with respect to that portion of the lands in relation to which a claim, demand, loss, cost, damage, action, suit or other proceeding arises are not liable to indemnify Canada under subparagraph(1).

(c) For the purposes of subparagraphs (1) and (2), "Canada" shall not include a Crown corporation.

(d) This clause shall survive this Exploration Licence and will be incorporated into any Significant Discovery Licence and Production Licence that arises therefrom.

## **6. Liability**

(a) An interest holder shall be liable under the provisions of this Licence, the Act, the Operations Act and the Regulations for all claims, demands, loss, costs, damages, actions, suits or other proceedings in respect of any work or activity conducted, or caused to be conducted, by, through, or under, or with the consent of such interest holder. Any transfer, assignment, or other disposition of the interest, or of a share therein, shall not have the effect of discontinuing such liability in respect of such work or activity, related to the interest, or share therein, so disposed, that was conducted before that transfer, assignment, or other disposition was registered pursuant to the Act and Regulations. For greater certainty, liability, as aforesaid, does not relate to any work or activity conducted after such party ceases to be an interest holder in this Licence.

(b) This clause shall survive this Exploration Licence and will be incorporated into any Significant Discovery Licence and Production Licence that arises therefrom.

## **7. Successors and Assigns**

Subject to paragraph 6, this Licence enures to the benefit of and is binding on the Minister and the interest owner and their respective heirs, administrators, successors and assigns.

## **8. Notice**

Any notice, communication or statement required under the Act or the Operations Act shall be served on the designated person, on behalf of the Minister or on the interest owner, as the case may be, by personal delivery, or by fax at that address specified in Schedule IV here of, or such other addresses as may be designated from time to time by the Minister or the interest owner, as the case may be.

## **9. Waiver and Relief**

Where the Minister is satisfied that the Licence requirements as described under clause 2 of Schedule III cannot be executed within the time periods or to the extent provided therein, the Minister may, subject to the Act, grant an extension or extensions thereof in writing, provided always that the Minister is also satisfied that the failure to execute the above requirements is for reasons beyond the

reasonable control of the interest owner, and that the interest owner continues to diligently pursue a remedy for such situation.

**10. Representative**

Unless otherwise designated in the prescribed manner, for the purpose of this Licence the representative or representatives, as the case may be, of the interest owner shall be as specified in Schedule IV.

**11. Agreement**

The issuance of this Licence by the Minister and acceptance thereof by the interest owner constitutes agreement between the interest owner and the Minister as to the terms and conditions contained herein.

ISSUED at Ottawa, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
WITNESS

\_\_\_\_\_  
MINISTER of Indian Affairs and Northern Development

## Schedules for the Exploration Licence

### Schedule I

Lands

LATITUDE-LONGITUDE PORTION

AREA: HECTARES

### Schedule II

Ownership

LATITUDE\LONGITUDE PORTION INTEREST HOLDER(S) SHARE (%)

*Canada Petroleum Resources Act (section 85)*

Where an interest holder of an interest or any share therein enters into an agreement or arrangement that is or may result in a transfer, assignment or other disposition of the interest or any share therein, the interest holder shall give notice of the agreement or arrangement to the Minister, together with a copy of the agreement or arrangement or, if the Minister approves, a summary of its terms and conditions or, on the request of the Minister, a copy of the agreement or arrangement.

To comply with this requirement please use Summary Form 15 -Notification of an Agreement/Arrangement that is or may result in a Transfer.

### Schedule III

Terms and Conditions

1. TERM - as per the call for bids.
2. WORK PROGRAM - as per the call for bids.
3. TERMINATION AND EXPIRY - as per the call for bids
4. WORK DEPOSIT - as per the call for bids
5. RENTALS - as per the call for bids
6. ALLOWABLE EXPENDITURES - as per the call for bids

### Schedule IV

Representative(s) and Addresses for Service