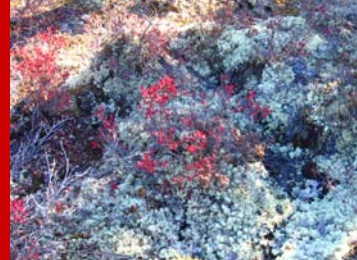




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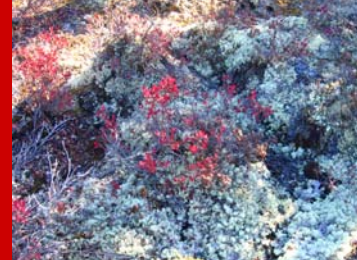
Oil and Gas Rights Issuance in the Beaufort Basin

Mieke Vander Valk – A/Manager Land Tenure /
Environmental Advisor (INAC)

January 30, 2008



Northern Oil and Gas Branch



Process for acquiring the rights to explore for oil and gas

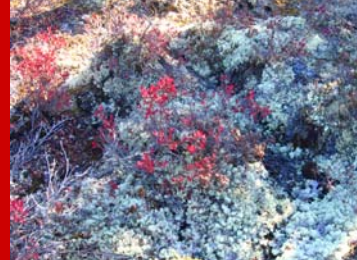
- Focuses on attracting investment and creating jobs
- Encouraging sustained exploration activity

4-steps in annual cycle:

1. Information sessions and discussion with Inuvialuit Game Council
2. Call for Nominations
3. Call for Bids
4. Issuance of an Exploration Licence (EL)



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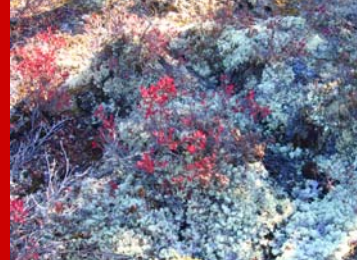
Rights Issuance Cycle

- According to the *Canadian Petroleum Resources Act, (CPRA)* and Policy
- A Competitive Process
- Terms and conditions tailored to region
- Consideration of:
 - Existing and developing Land Use & Community Conservation Plans
 - Federal strategies and policies – Sustainable Development, Protected Areas, Smart Regulation
 - Interdepartmental Initiatives – Oceans Action Plan, BSSTRPA





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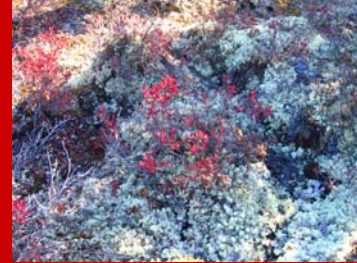
What happens after an exploration licence is granted?

- An EL is issued to the successful bidder
- Applies to an identified parcel of land
- Issued in 2 periods to a max. of 9 years.
- Work requirements in period 1 must be met to keep for period 2



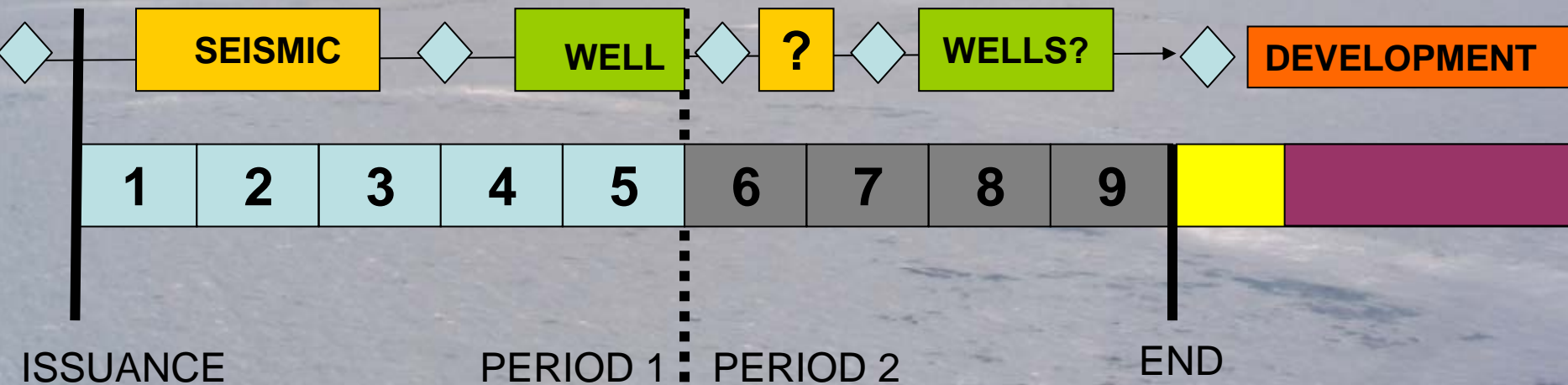


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NINE YEAR CYCLE – EXPLORATION LICENCE

◇ = DECISION REQUIRED





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Rights associated with a license

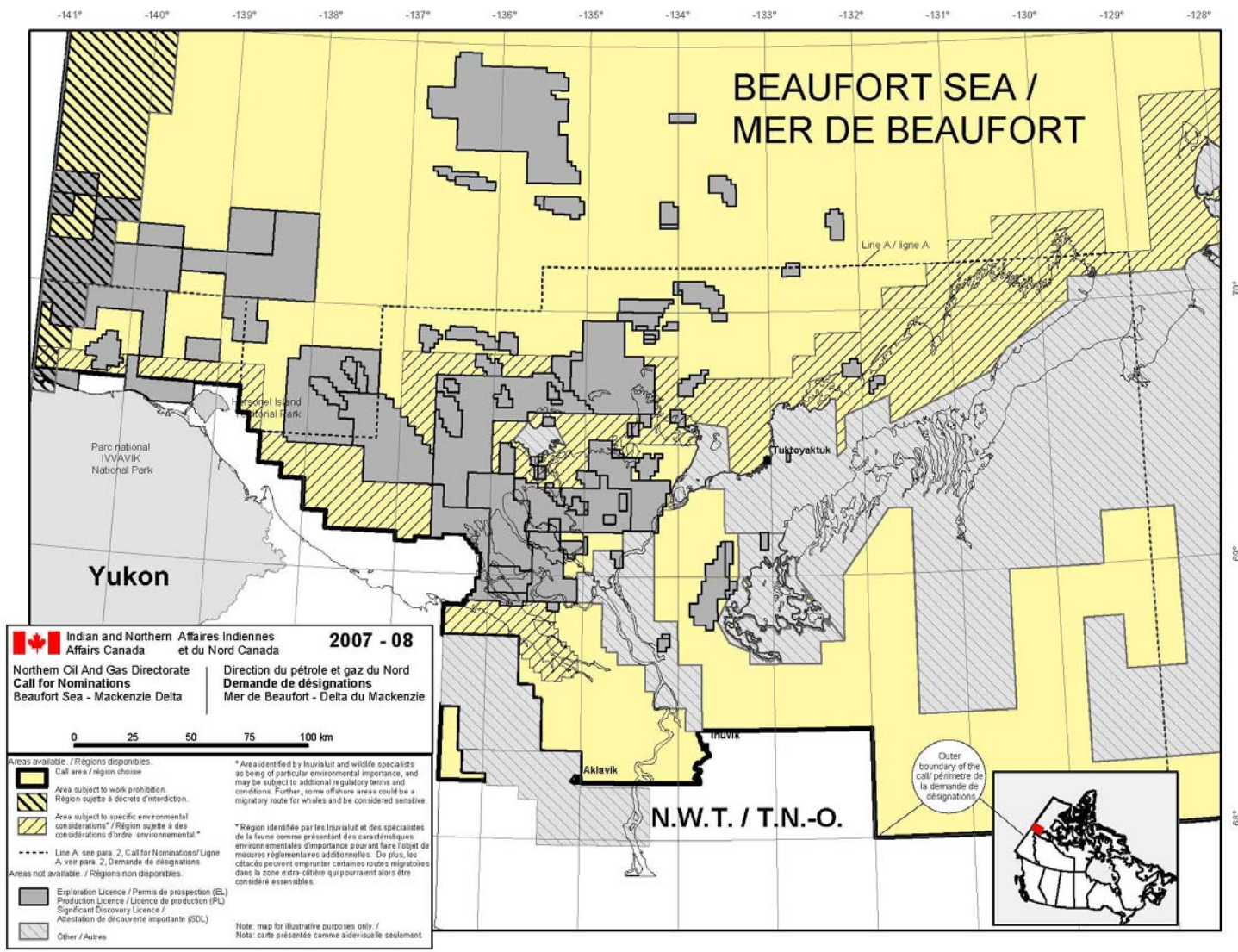
An EL gives a company;

- The right to explore, and exclusive rights to drill and test for petroleum.
- The exclusive right to develop lands for petroleum production.
- The exclusive right to obtain a production license.





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Exploration Activity

Regulated by the National Energy Board – seismic, drilling, testing

- *Canada Oil & Gas Operations Act (COGOA)* governs oil and gas activities in Frontier Lands





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