Introduction

This is the second issue of APG's newsletter "Working Together." The newsletter is available by fax or email to all who are interested. If you have received this newsletter from someone else and would like to receive your own copy email brian@outcrop.com or fax a message to Brian McCutcheon at 867-873-2844. If you would like to comment on anything in this newsletter please email Wilf Blonde at apg@inuvialuit.com or fax a note to Wilf Blonde at 867-777-2135.

This issue follows the Inuvik
Petroleum Show in late June
and the completion of the first
series of community
consultation sessions by the
Project Operator for the
Mackenzie Gas Project. In June
meeting were held to talk about
the Mackenzie Gas Pipeline with
all Gwich'in and Inuvialuit
communities.

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A Common Interest To Work On A Common Plan

(Excerpts from a speech by The Hon. Ethel Blondin-Andrew, Member of Parliament for the Western Arctic to the Inuvik Petroleum Show, June 20, 2002)

Speaking to the subject of major oil and gas development and especially that of the potential for building a pipeline up and down the Mackenzie Valley, this is the right time to do business in the North, the right time to develop sound and secure partnerships with Aboriginal governments and northern businesses, and it is time to identify the capacity needs of all northerners so they can maximize on and benefit from the economic opportunities. We are experiencing a coming of age.

This is not the first time that the idea of a pipeline down the Mackenzie Valley has been a major topic in the North. Twenty-five years ago Justice Berger held a public inquiry into the building of a pipeline and at the end of that process, his recommendations and strong opposition by many people eventually led to the project being put on hold.

Many of our Aboriginal people did not agree with the building of the pipeline and argued that this would have a dramatic impact on their culture, their society and political and economic future. Of course there are those who always have supported it and continue to this day. Today, however, we are in different times. The North's economic and political situation is different. We are forming Aboriginal Governments, devolution discussions are underway, and the opportunity for northerners to be actively involved and be part of that major development is before us.

Even though there is no formal project application, our northern economy is feeling the heat and the enthusiasm. We have a common interest to work on a common plan. There's good reason for residents across the Beaufort Delta and the Northwest Territories to feel optimistic. According to one study, there will be more jobs available than we'll be able to fill from our northern labour market pool.

This is a once-in-a-lifetime opportunity for everyone. But, this also has its challenges – we need appropriate infrastructure and community capacity. Proper planning and filling all the jobs, even at the community level, will be time consuming and in some cases a

very difficulty exercise. Resources are needed to rise to the challenge—human, physical, infrastructure and financial structures are needed.

I believe the time is right to do business in the North. I am certain that through continued cooperation, diligence, fair play and hard work northerners and their leadership will reap the benefits of resource development. As a northerner, a Member of Parliament and a member of the Cabinet of the Government of Canada, I am hopeful—I am optimistic, but I am also realistic when is comes to the issue of resource development.

We can meet the issues, the challenges, reconcile our differences and broker the deals that will give us the independence—economically and otherwise—that we want. We can shape our own destiny and be a model of prosperity for the rest of Canada and the world.

We can have it all, but we cannot go there without the full realization of hard work, commitment and compromise.

NWT Pipeline Operations Training Initiative Seeks Funding

Community consultations have identified a need for northerners to explore long-term training and employment opportunities associated with any Mackenzie Valley pipeline development. After consultation with federal and territorial government departments, Aurora College and industry stakeholders have formed a Pipeline Operations Training Committee (POTC). POTC is now preparing a proposal to seek funding for the development and delivery of pipeline operations training programs and hope to begin recruitment for training in the first half of 2003.

APG is a member of the Pipeline Operations Training Committee along with ATCO Frontec, Enbridge, TransCanada PipeLines, the Mackenzie Delta Producers Group, Aurora College and representatives of federal and GNWT departments. POTC has decided to focus on employment opportunities at pipeline compression stations and at pipeline liquids recovery facilities. Compression is used to push the natural gas through the gas pipeline. Liquids recovery is needed to remove natural gas liquids that are produced with the natural gas from the Delta. In the case of the proposed Mackenzie Valley Pipeline, the natural gas liquids would be extracted at Norman Wells and shipped south using spare capacity in the Enbridge oil pipeline from Norman Wells to Alberta.

Jobs for which training may be offered include Process Operator, Field Operator, Mechanics, Electrical/Instrumentation, General Technician, Welders and Foremen. Currently POTC estimates that approximately 50 jobs could be part of this program.



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Environmental Impact Assessment Cooperation Plan Announced

Over the last year and a half there have been meetings among all of the Agencies and regulators who need to evaluate the environmental impact of a Mackenzie Valley pipeline. The purpose of the meetings was to streamline the review process and to develop a "framework" for cooperation among the many Agencies and regulators who have a need to review the Environmental Impact Assessment (EIA) for any proposed pipeline.

Since November 2000, up to 17 separate Agencies have been involved in developing the Cooperation Plan that was publicly released on in June 21 in Inuvik. Copies of the Cooperation Plan are available from all the regulatory Agencies.

In announcing the Cooperation Plan, for the Environmental Impact Assessment and regulatory review of a northern gas pipeline project through the NWT, the Agencies emphasized that they had been guided by five principles during their discussions. These principles were:

- · a desire for the Agencies to cooperate,
- the need for a "made in the North" process,
- the flexibility to consider a variety of development scenarios,
- · enhanced public participation in project review,
- the need to consider fully potential impacts before project decisions are taken.

The Cooperation Plan emphasizes that while enhancing efficiency and clarity were considerations, the objectives also include the need to:

- provide for public participation in an open and accessible manner,
- ensure consideration of environmental, socioeconomic and cultural effects, including cumulative effects.
- address the importance of Traditional Knowledge,
- ensure compliance with existing legislation and comprehensive land claim agreements.

The Cooperation Plan also gives guidelines to help those preparing a Preliminary Information Package (PIP) in support of a pipeline proposal in the NWT. This document (the PIP), which would be 50-100 pages in length, gets the process started. It must give summary information about the following:

- · project components and structures,
- project location and activities,
- environmental features, social, economic and cultural features,
- key environmental and socio-economic issues,
- the scope of the environmental assessment process associated with the project.

APG Web Site Now On-Line

APG's new web site has been up and running since June 17. To reach it go to www.aboriginalpipeline.ca. We have sent information to search engines but, as yet, the site isn't showing up on any search engine reports. That should get corrected over the next couple of months. Until then use the exact address to reach the site.

On the APG site you'll find lots of information. A "news room" will archive all related news releases, newsletters and speeches given by APG representatives. The site also has information on the Mackenzie Gas Project (prepared by the Project Operator), our commitment to protecting the land and notes about the APG and its directors. If there is additional information that you would like to see included on the APG web site write, fax or email a suggestion.



Canadian Arctic Pipeline Has Edge, Alaska Concedes

(Reprinted from the Financial Post, June 7, 2002)

Less expensive, shorter and leading race, says governor

Charlie Gillis and Tony Seskus

DAWSON CITY, Yukon and CALGARY - An all-Canadian arctic pipeline is likely proceed ahead of its U.S. rival because it is shorter, less expensive and further ahead in the regulatory foot race, the Governor of Alaska conceded yesterday.

Speaking after a meeting with western premiers in Dawson City, Tony Knowles said the Northwest Territories project in the Mackenzie Delta has a logistical edge over the Alaskan Highway route, which he has been pushing for years.

- "For the Mackenzie pipeline, there are certain advantages for why it would probably go first," he said.
- "One is that it would be shorter. It would be smaller and I think the right-of-way permits are in line and ready to go. There is already an established and known reserve they can plug into.
- "So there are a lot of reasons why that project could, in some ways from a technical aspect, could go before [our] project that has other barriers to it.
- "The logistics of putting together a project the size of the [Alaska] Highway are a lot more difficult."

Mr. Knowles' remarks represent a significant concession in what has essentially become a race between the two projects to get to market first. Canadian backers of the Mackenzie Valley line, along with N.W.T. government officials, believe the US\$20-billion Alaska project would delay or kill their \$4-billion initiative if it gets the first jump,

because it would flood the market and depress prices.

The rivalry has sparked debate between Ottawa and Washington because of proposed subsidies for the Alaska line now working their way through Congress.

Michel Scott, a vice-president at Devon Canada Corp., the largest landowner in the Mackenzie Delta region, said Mr. Knowles' statement is a positive development for his company.

"Maybe they are starting to realize that, to some degree, the politics surrounding the Alaska Highway [pipeline] are starting to weigh down on the timing of the project," he said. "It's positive. It helps confirm our thinking."

The Mackenzie Delta Producers Group—which represents Imperial Oil Resources, Conoco Canada, Shell Canada Limited and ExxonMobil Canada—yesterday played down any notion that there is a race between the rival pipelines.

The Mackenzie Delta producers have already put out tenders for preliminary engineering work and they hope to see the project in running in six to eight years.

Mr. Knowles dismissed concerns that two pipelines couldn't co-exist, saying both lines would fill just a fraction of North American demand anticipated in the next two decades. But he admitted backers of the U.S. project face challenges that could leave them behind the N.W.T. pipeline.

The premiers' joint communiqué yesterday reiterated their call for the "open and free-flow of goods and services between Canada and the United States," but made no mention of the pipeline issue or energy subsidies.

Energy Secretary Denounces U.S. Senate Subsidy Plan For Alaska Gas Pipeline

(Canadian Press – June 29, 2002) James Stevenson

CALGARY (CP) - President George W. Bush's administration is "strongly opposed" to proposed American subsidies for a natural gas pipeline from Alaska, fearing they would jeopardize energy relations with Canada.

Energy Secretary Spencer Abraham said the subsidy proposals, included in a recent U.S. Senate energy bill, "would likely undermine Canada's support for construction of the pipeline and thus set back broader bilateral energy integration." The Senate bill, still a long way from becoming law, offers billions of dollars in loan guarantees and provides Alaska gas owners with

a tax credit if the price for the fuel shipped in the pipeline fell below \$3.25 US per thousand cubic feet—effectively creating an artificial floor price for the gas.

Abraham said this "would distort markets" and could cost well over \$1 billion US a year in lost tax revenue.

North Slope Gas 'Not Competitive'

Anchorage Daily News – June 29, 2002 Wesley Loy

BP chief executive Lord John Browne, speaking in Anchorage on Friday, deflated a roomful of business people by saying conditions still aren't right to pipe the North Slope's vast natural gas reserves to market.

He went on to describe the deteriorating economics of Alaska's oil patch, where production is falling and costs are rising.

Although billions of barrels of oil remain to be pumped, Alaska production faces relentless competition from other prospects around the globe — including big gas fields closer to growing markets like Asia, he said.

"At the moment it is not competitive," Browne said of Alaska's gas.

Further dampening chances of production are taxes and royalties that would strip away all profit for BP and other oil companies, he said.

"This is not a debate about subsidy," Browne said.

"We are not asking for any subsidy. We do not want corporate welfare."

Rather, he suggested incentives and "setting taxes in such a way that all projects with intrinsic economic merit can proceed."

Browne made his comments at a breakfast at the Sheraton sponsored by the Resource Development Council for Alaska, the Alaska Support Industry Alliance and the Anchorage Chamber of Commerce.

Fred Carmichael Addresses the Inuvik Petroleum Show

(Excerpts from his speech are included below. To read the full text of the speech go to the APG web site and go to the "News Room" section)

APG recognizes that lack of Aboriginal capacity is one of the most important impediments to maximizing benefits from non-renewable resources development. That's why we intend to play a role in make sure that the benefit plans associated with a Mackenzie Gas Pipeline add to our own capacity—and we need to do that in a way that contributes to the long-term sustainability of our northern communities.

We have all come a long ways in the 25 years since the Berger decision put a 10-year moratorium on development to give Aboriginal people time to get ready for a pipeline. We are ready now. We are confident that we are able to

make the choices that will maximize ownership and benefits.

APG believes we can protect the land and deliver benefits that will contribute to a sustainable future for our communities.

We do not intend to be satisfied with the leftovers when it comes to maximizing benefits. Our people tell us what happened in the past and we will not let it happen this time.

Nor will we avoid our responsibilities as stewards of the land. Using our Traditional Knowledge, we will work with the owners of the pipeline to ensure that the land is protected and our future as northern Aboriginal people is sustainable.

These are exciting times for APG. We welcome the challenge. We will work hard to deliver on the vision that our leaders set out when they created a business partnership two years ago in Fort Liard ... to maximize ownership and benefits of a Mackenzie Valley Pipeline.

Proposed Mackenzie Valley Pipeline Facilities

The Mackenzie Valley Pipeline is proposed to begin near Inuvik and continue into northern Alberta where it will connect with existing pipeline systems. To get the gas to Inuvik the Mackenzie Delta Producers intend to develop the three anchor natural gas fields at Taglu, Parsons Lake and Niglintgak and then construct a gathering system to bring the gas from the three fields to the Inuvik area.

APG intends to be part of the main pipeline from Inuvik to the south but will not be part of gas field development or gathering system construction work.

Inuvik to Norman Wells

A 500 km pipeline will carry natural gas and liquids from the Inuvik compression facility to Norman Wells. The pipeline route is expected to follow one of several potential routes from Inuvik to Norman Wells that were previously proposed by developers in the 1970s and 1980s. Potential routes from Inuvik to Norman Wells all pass through the Gwich'in region and the northern part of the Sahtu region.

Norman Wells Facilities

At Norman Wells, gas will flow through an inlet separator. Liquids will be removed and the gas will be compressed and cooled.

Norman Wells to N.W. Alberta

A new 800 km pipeline will carry natural gas from Norman Wells and connect with existing gas pipeline systems in northwestern Alberta at Bootis Hills.

The proposed route for the natural gas pipeline from Norman Wells to Alberta will run parallel to the corridor of the existing Enbridge oil pipeline as much as possible. The route will pass through the southern portion of the Sahtu region and the Deh Cho region. The final route will be selected following additional technical work and after Aboriginal and other northern residents along the proposed pipeline route have been consulted.

Compression Facilities

Compression facilities are needed to move the natural gas through the pipeline from Norman Wells to Alberta. Potential compression facility locations are near Wrigley and Fort Simpson. Additional compression facilities and pipeline segments (loops) can be added along the route later, if an increase in pipeline throughout is necessary.

Towards More Effective Community Consultation

Delegates to the Inuvik Petroleum Show got to talk about more than pipeline proposals and exploration programs. The second day of the conference included sessions on "Keeping Communities Healthy During Boom Times" (chaired by James Ross of Fort McPherson), "Environmental and Regulatory Review" (chaired by David Krutko, NWT MLA) and "Industry and Communities Working Together To Build Better Communities" (chaired by Mayor Peter Clarkson of Inuvik). This final part of the conference had a breakout session on Community Consultation where delegates talked about how to make community consultations more effective. The community consultation session was facilitated by a panel that included Delona Butcher (BP, Burlington and Chevron Texaco), Heather Taylor (Devon Canada) and Frank Hansen (Kavik Group). Advice to those planning community consultation about oil and gas projects included the following suggestions:

- Avoid jargon. Keep language as simple and non-technical as possible.
- Increase the amount of time that industry representatives spend in northern communities.
- Continue to send the same industry personnel to consult with communities - continuity of personnel is important.
- Put more time and effort into education about the oil and gas exploration and development.
 Meaningful consultation and discussion requires a common knowledge base.
- Make better use of existing community infrastructure such as adult learning centres.
- Revisit lessons learned in the past. Industry should pay attention to what worked and didn't work in past and apply that knowledge to current activities.
- Give more information about long-term possibilities and future plans. People need to know what development could look like in the medium and long term.
- Co-ordinate meetings whenever possible to reduce the number of meetings - particularly when a number of companies are involved in the same project.