



Office of the Minister
Box 2703, Whitehorse, Yukon Y1A 2C6

July 24, 2002

Mr. Cameron Six
Commercial Manager, Mackenzie Gas Project
Imperial Oil Resources Ventures Limited
237- 4th Avenue, S.W.,
P.O. Box 2480, Station "M"
Calgary, Alberta T2P 3M9

Dear Mr. Six,

Re: Mackenzie Valley Pipeline – Notice of Open Season Process for Shippers

I write to share the Yukon government's perspective on the planning and design of a Mackenzie Valley natural gas pipeline.

The Yukon government remains committed to the concept of two northern pipelines, one anchored by reserves in Alaska and delivering gas from Alaska, south Yukon and northeast British Columbia to markets in Alberta and the United States via the Alaska Highway, the other anchored by reserves in the Mackenzie Delta.

The Yukon government believes there is more than sufficient gas potential in north Yukon to warrant a lateral connection to a Mackenzie Valley transmission pipeline. For example gas reserves in the Eagle Plain basin and the Peel Plateau alone are currently estimated at 3.4 trillion cubic feet. The Eagle Plain hosts three significant discovery licenses that include two oil and gas wells, two additional gas wells, one oil well, and three exploration permits. Many industry analysts believe the potential of the region is far greater and work has begun on a new resource assessment of the Eagle Plain basin. Several wells in the Peel Plateau have shown gas potential and the Yukon government recently awarded an exploration permit in the area. Analysis suggests that a proven resource base of just 1 trillion cubic feet would make a lateral economic.

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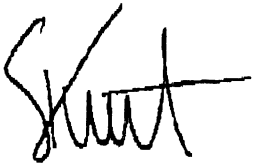


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Access to a Mackenzie Valley transmission system may be critical to ensure these reserves are not stranded or otherwise disadvantaged as northern pipelines are constructed. We believe the planning for a Mackenzie Valley gas transmission system must take into account the resource potential of the north Yukon as well as other under explored basins in the north. We share explorers' concern that a "fit for purpose" Mackenzie Valley pipeline system, designed just for proven reserves at the time of a binding open season, may well disadvantage other basins such as the Eagle Plain. The Yukon government submits that planning for a transmission pipeline must take this resource potential into account.

Sincerely,



Scott Kent
Minister of Energy, Mines and Resources

c.c. Chair, National Energy Board
Yukon Permit Holders
Minister, Indian and Northern Affairs Canada
Minister, Natural Resources Canada
M.P., Yukon