



2009-2010 CALL FOR NOMINATIONS
(request for postings)

ARCTIC ISLANDS OF NUNAVUT

Date of launch: January 19, 2010

**Closing at 4 P.M. (E.T.) on
February 25, 2010**

**2009-2010 ARCTIC ISLANDS OF NUNAVUT
CALL FOR NOMINATIONS
Closing at 4 p.m. (E.T.) on February 25, 2010**

1. Call for Nominations

The Minister of Indian Affairs and Northern Development hereby calls for the submission of nominations for Crown reserve lands, as defined in the *Canada Petroleum Resources Act*, located in Nunavut. A map is 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 (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 **February 25, 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 March 2010 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 maximum size of any posting request between latitude 75°N and latitude 78°N is eight (8) grids.

The block size north of latitude 78°N should not exceed 216,080 hectares in area (which is equivalent to eight (8) grids at 75°N).

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

3. Submission of Posting Requests

All requests should be submitted by fax at the latest on **February 25, 2010 by 4 p.m. E.T.** Each request should be addressed as follows:

**Arctic Islands of Nunavut Request for Posting
Closing February 25, 2010**

Attention: Oil and Gas Management Directorate
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 Northern Oil and Gas Branch 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 Land Claim Requirements

The lands available for posting are located within the Nunavut Settlement area. Successful bidders shall adhere to the terms of the *Nunavut Land Claims Agreement* reached with the Inuit. Interested parties are advised to obtain a copy of the agreement.

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

Some areas on the map attached are of particular environmental importance. They have been identified to alert potential nominators that additional operating terms and conditions may be applied at the activity stage. For example, the work season may be restricted to those months when the proposed type of activity will not have a significant impact on sensitive fish and marine habitats, mammals, birds or other species. In addition, extra conditions may be imposed relating to drilling fluids and waste discharges, and site specific environmental protection plans may be required prior to the commencement of activity. These environmental protection plans would describe the necessary procedures the operator would take to minimize any environmental impacts to a particular species in the region.

Specific environmental information has been provided by Nunavut Tunngavik Incorporated and marine and wildlife specialists, such as Fisheries and Oceans Canada, Environment Canada and the Government of Nunavut. Additional information is incorporated from the North Baffin Regional Land Use Plan 2000. Please note that this Plan is in the process of being updated. The Canadian Wildlife Service advises that the Ivory Gull has been listed by the Committee on the Status of Endangered Wildlife of Canada (COSEWIC) as “Endangered”, and the Ross’s Gull was recently listed as “Threatened” under the *Species at Risk Act*. In addition, the Red Knot, a medium-sized shorebird which nests in the region, is listed as “Special Concern”. Information on all of the species at risk in this region can be found at www.sararegistry.gc.ca. The Canadian Wildlife Service has extensive information on known breeding locations in the high Arctic, and proponents should contact its Iqaluit office ((867) 975-4633) for further information.

Fisheries and Oceans Canada encourages operators to contact its Iqaluit office at (867) 979-8010 for fisheries and mammal sensitivity information in the Nunavut area.

Polar Bears and Peary Caribou inhabit the High Arctic Islands. Polar Bears are listed as “Special Concern” by COSEWIC, while the Peary Caribou are listed as “Endangered” by the Government of Canada. Management of bears and caribou is a territorial responsibility, and thus proponents should contact the Government of Nunavut, Department of Environment for information on important locations for these species.

Industry should be aware that the North Baffin Regional Land Use Plan 2000, developed by the Nunavut Planning Commission with the Inuit of Nunavut, the Government of Nunavut and with Indian and Northern Affairs Canada; is a helpful source of land use information. Any oil and gas related proposals should conform with the North Baffin Regional Land Use Plan 2000. Please note that this Plan is in the process of being updated.

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.

125°W 120°W 115°W 110°W 105°W 100°W 95°W 90°W 85°W 80°W 75°W 70°W

2009 - 2010

Northern Oil and Gas Branch
Call For Nominations
 Arctic Islands of Nunavut

Indian and Northern Affairs Canada
 Affaires indiennes et du Nord Canada

Direction générale du pétrole et du gaz du Nord
Demande de désignations
 Archipel arctique de Nunavut

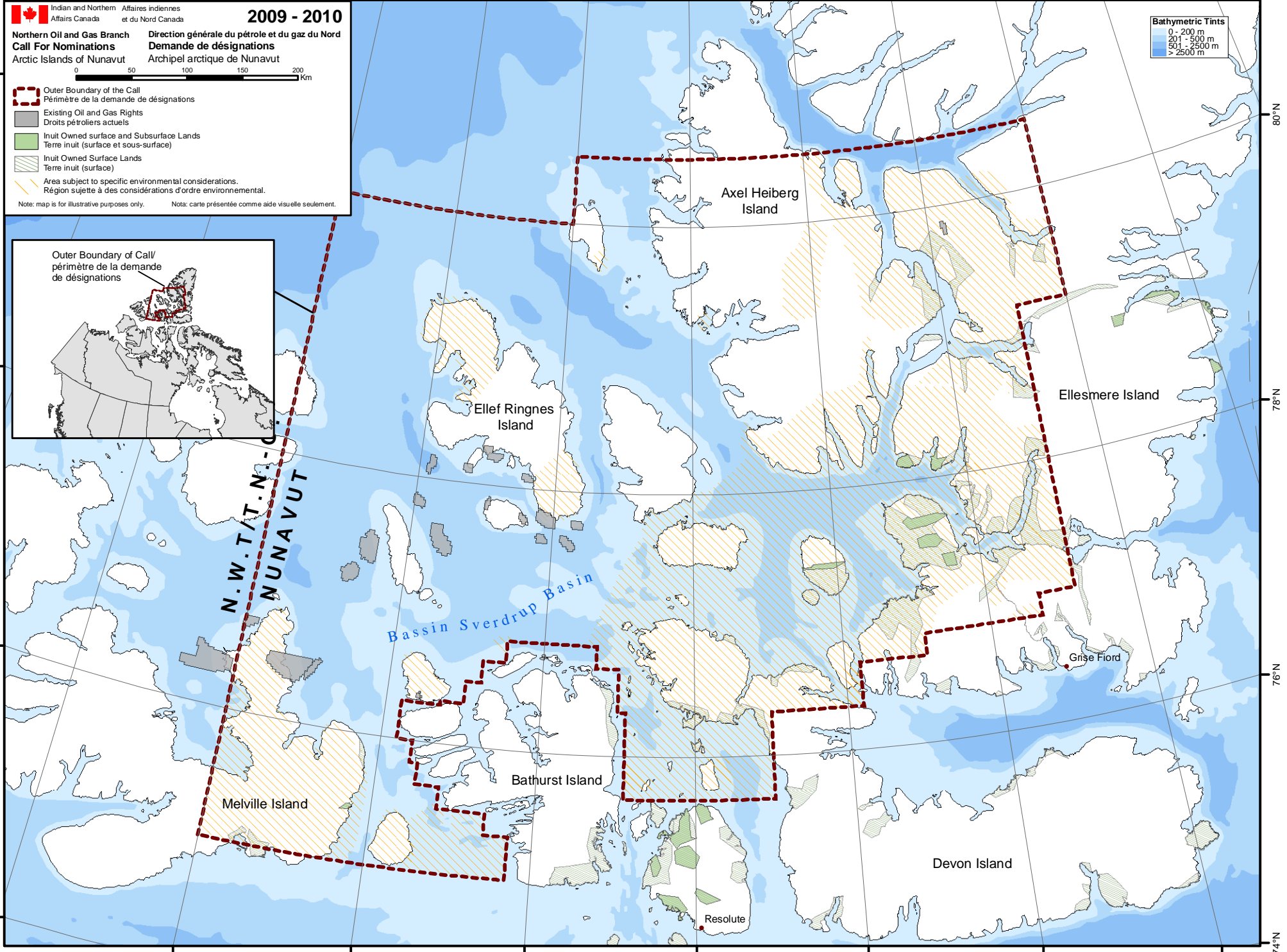
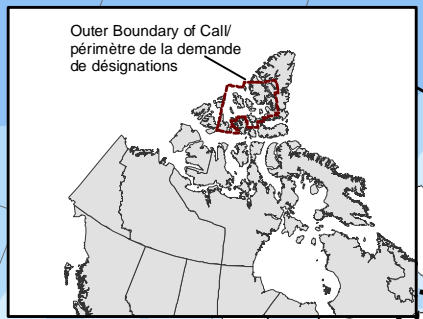
0 50 100 150 200 Km

- Outer Boundary of the Call / Périètre de la demande de désignations
- Existing Oil and Gas Rights / Droits pétroliers actuels
- Inuit Owned surface and Subsurface Lands / Terre inuit (surface et sous-surface)
- Inuit Owned Surface Lands / Terre inuit (surface)
- Area subject to specific environmental considerations. / Région sujette à des considérations d'ordre environnemental.

Note: map is for illustrative purposes only. / Note: carte présentée comme aide visuelle seulement.

Bathymetric Tints

0 - 200 m
201 - 500 m
501 - 2500 m
> 2500 m



N.W.T./T.N.
NUNAVUT

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).

Fig 2: Units in a section

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

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

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

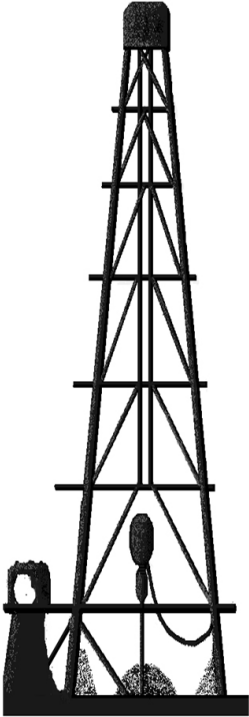
 Date

 Print name and title

Latitude	Longitude	Section(s)	# of Sections
Total number of sections:			

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 Arctic Islands of Nunavut Call for Bids
Closing date to be announced
(To be read in conjunction with Part B)

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 Arctic Islands of Nunavut:

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

PARCEL(S) DESCRIPTION AND MAP WILL BE INSERTED

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 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 **2010 Arctic Islands of Nunavut Call for Bids** will be nine (9) years consisting of two consecutive periods of six (6) years and three (3) years.

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

Sealed bids must be delivered, either by priority post or in person, to the following address prior to **NOON**, Mountain Time on ***date to be announced***:

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 Arctic Islands of Nunavut Call for Bids**. The inner envelope(s) should be clearly marked with the date, call name and parcel number, i.e. **2010 Arctic Islands of Nunavut 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 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°*.)

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.

Land Claims Requirements

The lands available for posting are located within the Nunavut Settlement area. Successful bidders shall adhere to the terms of the *Nunavut Land Claims Agreement* reached with the Inuit. Interested parties are advised to obtain a copy of the agreement (www.collectionscanada.gc.ca/webarchives/20071124140800/http://www.ainc-inac.gc.ca/pr/agr/pdf/nunav_e.pdf).

Article 27.1.2 of the *Nunavut Land Claims Agreement* states:

“Prior to the initial exercise of rights in respect of exploration, development or production of petroleum on Crown lands in the Nunavut Settlement Area, and in order to prepare a benefits plan for the approval of the appropriate regulatory authority, the proponent shall consult the Designated Inuit Organization, and Government shall consult the Designated Inuit Organization, in respect to those matters listed in Schedule 27-1.”

Schedule 27-1 lists matters considered appropriate for consultation; including:

- Inuit training;
- Inuit hiring;
- Employment rotation;
- Labour relations;
- Business opportunities for Inuit;
- Housing, accommodation and recreation on project site;
- Safety, health and hygiene;
- Language of workplace;
- Identification, protection and conservation of archaeological sites and specimens;
- Research and development;
- Inuit access to facilities constructed for the project such as airfields and roads;
- Particularly important Inuit environmental concerns and disruption of wildlife;
- Outpost camps;
- Information flow, including liaison between Inuit and proponent regarding project management and Inuit participation and concerns;
- Co-ordination with other developments;
- Any other matters that the Parties consider to be relevant to the needs of the project and Inuit.

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

Some areas on the map attached are of particular environmental importance. They have been identified to alert potential nominators that additional operating terms

and conditions may be applied at the activity stage. For example, the work season may be restricted to those months when the proposed type of activity will not have a significant impact on sensitive fish and marine habitats, mammals, birds or other species. In addition, extra conditions may be imposed relating to drilling fluids and waste discharges, and site specific environmental protection plans may be required prior to the commencement of activity. These environmental protection plans would describe the necessary procedures the operator would take to minimize any environmental impacts to a particular species in the region.

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Industry should be aware that the North Baffin Regional Land Use Plan 2000, developed by the Nunavut Planning Commission with the Inuit of Nunavut, the Government of Nunavut and with Indian and Northern Affairs Canada; is a helpful source of land use information. Any oil and gas related proposals should conform with the North Baffin Regional Land Use Plan 2000. Please note that this Plan is in the process of being updated.

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.

Benefits Plans

Prior to the initial exercise of rights in respect of exploration, development or production of petroleum on Crown lands in the Nunavut Settlement Area; the successful bidder must submit a benefits plan to the Minister for approval. In this regard the proponents are referred to the requirements in Section 5.2 of the *Canada Oil and Gas Operations Act*, Section 21 of the *Canada Petroleum Resources Act* and Article 27.1.2 of the *Nunavut Land Claims Agreement*.

The benefits plan must provide Northerners and northern businesses with full and fair access to training, employment and business opportunities in accordance with the benefits principles.

In addition, the benefits plan should reflect the consultations between the parties on all matters listed in schedule 27-1 of the *Nunavut Land Claims Agreement*. In particular, there must be provisions in the benefits plan to ensure that Inuit have access to training and employment opportunities and to facilitate their participation in the supply of goods and services. The provisions should be commensurate with the scale and duration of the proposed work and the capacity and interests of Inuit and Inuit owned businesses.

When a benefits plan is based on several proposed activities, some of which could change depending upon the results of initial work, the plan should be updated periodically. The update, which need not be lengthy, may be provided as part of an annual report or separately.

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, 10th Floor
GATINEAU, QC
Postal address: OTTAWA ON K1A 0H4
Tel: (819) 997-0048; Fax: (819) 953-5828
E-mail: 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, 10th Floor
GATINEAU, QC
Postal address: OTTAWA ON K1A 0H4
Tel: (819) 934-9392; Fax: (819) 953-5828
E-mail : 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/

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

Nunavut Contact List	
Nunavut Tunngavik Incorporated	www.tunngavik.com/
*Lands and Resources, Nunavut Tunngavik Incorporated	www.ntilands.com/
Nunavut Land Claims Agreement	www.collectionscanada.gc.ca/webarchives/20071124140800/http://www.ainc-inac.gc.ca/pr/agr/pdf/nunav_e.pdf
Nunavut Wildlife Management Board	www.nwmb.com/
Nunavut Impact Review Board	www.nirb.ca/
Regional Inuit Associations	
Kitikmeot Inuit Association	www.polarnet.ca/polarnet/kia.htm
Kivalliq Inuit Association	www.kivalliqinuit.ca/home.html
Qikiqtani Inuit Association	www.qia.ca/i18n/english/home.shtm

* Primary Contact -Designated Inuit Organization

Please note that Designated Inuit Organization may have compiled a comprehensive list of Inuit firms, together with information on goods and services which they would be in a position to furnish. This list has been compiled for purposes of government contracts but may be considered for oil and gas activity when consulting, pursuant to article 27.1.2.

PART B

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

The management of oil and gas resources north of latitude 60°N offshore, 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 attached and 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 priority post 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).

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).

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 Affairs and Northern Development, and are intended to assist an interest holder or the 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 Canada.

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 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/).

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, 10th Floor
GATINEAU, QC
Postal address: OTTAWA ON K1A 0H4
Tel: (819) 997-0048; Fax: (819) 953-5828
E-mail: 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, 10th Floor
GATINEAU, QC
Postal address: OTTAWA ON K1A 0H4
Tel: (819) 934-9392; Fax: (819) 953-5828
E-mail : 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/

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

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, 10th Floor
GATINEAU, QC
Postal address:
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 th 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 5(a).

(c) For the purposes of subparagraphs 5(a) and 5(b), "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 s.s.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