

INDIAN AND NORTHERN AFFAIRS CANADA

FACSIMILE TRANSMITTAL SHEET

TO:	FROM:
Sahn Land Use Planning Board	Karen Polakoff
COMPANY:	DATE:
Indian & Northern Affairs Canada	MARCH 10, 2011
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*Our file - Notre référence*

Sahtu Land Use Planning Board  
Box 235  
Fort Good Hope, NT X0E 0H0

Dear Judith Wright-Bird:

Further to our letter of February 25, 2011, and your subsequent letter of March 4, 2011, requesting a response on two questions related to oil and gas (Action Items #3 and #6), I wish to apologize for the delay.

**Action Item #3 – Is INAC saying that the Plan cannot restrict the issuance of Exploration Licences in Conservation Zones and PCIs?**

Canada recognizes that it is within the mandate and authority of the Sahtu Land Use Planning Board to create Zones that restrict the issuance of oil and gas rights. This authority is pursuant to section 46. (1) of the MVRMA, where the term "relating to the use of land or waters...." clearly applies to the issuance of oil and gas rights.

With respect to the surface protection envisioned within a land use plan, Canada would not as part of a rights issuance process include lands within an Oil and Gas Call for Bids that would require surface access within a conservation zone. In this sense the plan effectively limits the issuance of rights beneath the conservation zone.

However, the issuance of subsurface licences could be contemplated without disrupting the surface values, given the use of directional drilling technology and through restrictions on surface access. These situations might arise in certain circumstances, for example where a gas field exists in the subsurface below a narrow conservation zone such as a riparian area.

**Action Item #6 – Extension of activity beyond the boundary of right (e.g. seismic in adjacent CZs) – INAC to identify the significance of this request.**

A seismic spread uses multiple shot points and receivers. If these seismic spreads cannot extend beyond the boundary of the Exploration Licence, the image of the subsurface becomes progressively poorer as the Exploration Licence boundary is approached, since the repetition or 'fold' of data progressively diminishes. Recognizing

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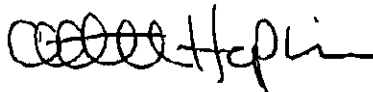
Canada

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this, oil and gas management allows the cost of these segments of lines overlapping the boundary of the Exploration Licence by 3 kilometers (or so) as expenditures, which can be applied to the Exploration Licence, accepting that they are necessary to enable full exploration of the subsurface of the Exploration Licence.

Allowing temporary use of the surface with minimal impact seismic techniques where impacts on conservation values, could be negligible is consistent with the approach taken in other protected area regimes such as for National Wildlife Areas and Marine Conservation Areas.

Yours sincerely,



 Trish Merrithew-Mercredi  
Regional Director General

c.c.: Teresa Joudrie, Director, Renewable Resources and Environment, INAC  
Sheila Gariepy, Director, Environment and Renewable Resources, INAC  
Kerry Newkirk, Director, Oil and Gas Management Directorate, INAC  
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