



June 25, 2009
(via email: pwpcplanfeedback@planyukon.ca)

Mr. Albert Genier
Commission Chair
Peel Watershed Planning Commission
307 Jarvis Street, Suite 201
Whitehorse, Yukon Y1A 2H3

Dear Mr. Genier:

Re: CAPP Comments on Draft Peel Watershed Land Use Plan

The Canadian Association of Petroleum Producers (CAPP) represents 130 companies that explore for, develop and produce more than 90 per cent of Canada's natural gas and crude oil. CAPP also has 150 associate member companies that provide a wide range of services that support the upstream oil and natural gas industry. Together, these members and associate members are an important part of a \$120-billion-a-year national industry that affects the livelihoods of more than half a million Canadians.

CAPP appreciates the opportunity to review the draft North Yukon Regional Land Use Plan (the Plan) and contribute our input. We further recognize the efforts made by the Planning Commission to date in producing the Plan for the people of the Yukon.

In analyzing the Plan, CAPP has considered a number of principles which we believe a land use plan must reflect:

- Balance and clear value trade offs - reflecting what is socially acceptable, economically enabling to fulfill the expectations of Yukoners, and ecologically appropriate;
- Adaptive and continually improving – critically important in a relatively undeveloped region like the Peel Watershed where new information about the resources and likely development scenarios is constantly evolving;
- Integrated and consistent with differing jurisdictional initiatives (i.e. economic development objectives and Yukon Energy Strategy); and
- Effective and efficient, transparent and fair to all parties.

In evaluating the Plan against these principles, we have serious concern with the current draft that we feel must be addressed before the approving parties can consider finalizing the Plan.

Lack of Balance

CAPP does not believe that the draft Plan is effective in balancing multiple uses of the land. The Plan places high value on the conservation interests identified in the region, and it is unclear what consideration resource development opportunities were given.

2100, 350 – 7th Ave. S.W.
Calgary, Alberta
Canada T2P 3N9
Tel (403) 267-1100
Fax (403) 261-4622

403, 235 Water Street
St. John's, Newfoundland
Canada A1C 1B6
Tel (709) 724-4200
Fax (709) 724-4225

Email: communication@capp.ca Website: www.capp.ca

Only 3.7 % of the region is designated IMZ IV land use, and this area is still subject to significant limits on activity. Should the Plan's recommendations be fully implemented, 63.2% of the region would ultimately be restricted from development. We believe the Plan has not adequately evaluated the trade offs being made, either within the region or the territory.

In presenting the Plan, the Planning Commission has acknowledged that the conservation values have been placed highest, based on the feedback received during their consultations. However, there is no articulation within the Plan of the broader goals for the territory, and how this Plan contributes to them. This leads to several concerns:

1. There is no indication within the Plan how these decisions will impact regional, territorial and national economic development goals.
2. There is no consideration of how the decision to place conservation values highest in the Peel will impact subsequent or adjacent planning processes. There is no perspective regarding optimizing the ways that adjacent regional planning processes can work together. Will other planning regions have their options limited by the choices made in the Peel Plan? What if the feedback received from other planning regions is that conservation values should be placed first?

Because the Plan is not positioned in this larger context, it is impossible to gauge the trade offs that are being proposed. The decision to place conservation values highest is being made in isolation, with no discussion of its broader implications.

Complexity

CAPP believes that the Plan is unnecessarily complex and prescriptive. The Plan is over 300 pages long and creates 8 types of zoning with 46 sub-units, each with different conditions imposed on industry operations. This does little to create certainty or clarity around access to land. CAPP believes that the Plan should be streamlined and the number of zones and sub-zones reconsidered.

Given the low levels of development in the region, we believe the plan would best be served by putting forth a flexible framework that will lay out the objectives over the region and allow land use managers flexibility to adapt to new situations and information. Some of these situations could be driven by construction of arctic natural gas pipeline projects or the advent of new technologies, such as has occurred recently with shale gas.

Cumulative Effects

CAPP does not support adopting thresholds through the land use plan at this time as we have concerns with the science rationale for the proposed thresholds and how they will be implemented. It is vitally important that the Planning Commission and approving parties recognize that the thresholds proposed are unproven, and the cumulative effects approach proposed is untested. This creates considerable questions about the impacts of such a system on industry operations and overall competitiveness of the region.

As proposed, the cumulative impact guidelines for Integrated Management Zones I to III are so restrictive that they are likely to curtail exploration and development of petroleum resources. This is particularly so for the Peel Plateau and Plain, for which the Yukon Government has estimated a resource potential of 3 TCF of natural gas. Specific sub-units that should be considered for reduction in land use restrictions due to petroleum potential include, among others, 1a, 7a, 9a, 11a, 11b, 11c, and 12a. CAPP notes that 11a, 11b, and 11c have been proposed for withdrawal to protect the cultural landscape. We believe it is possible to

effectively mitigate the impacts of resource development in these areas while still protecting the cultural landscape.

A more flexible approach would allow industry, regulators and the public to fully assess the implications of the thresholds, both in whether they allow for development opportunities to be pursued and in their effectiveness in managing cumulative effects.

Access Corridors

Critical to building a healthy oil and gas industry is the ability for companies to not only access the land but bring any discoveries to market. Depending on where resources are discovered, this may require gaining access across a zone where more stringent conditions are being imposed. The limited access corridors proposed in the Plan may have critical implications for the commercial viability of any resources discovered.

Conclusion

CAPP has serious concerns with the current draft of the Peel Watershed and urges the Planning Commission to consider our comments in the formulation of the Recommended Plan. In particular, we are concerned with the restriction being placed on industry, both in the physical access to lands as well as conditions of use where activity is allowed. We believe the Recommended Plan needs to reflect a better balance of the potential uses of the land, and be better integrated with a broader vision of economic development and conservation for the Yukon. CAPP believes that the Plan would be better served by being flexible to accommodate new information and a variety of scenarios.

CAPP appreciates the opportunity to provide these comments. If you have any questions regarding our comments, please feel free to contact me at (403) 267-1130.

Sincerely,



Mike Peters
Manager, Northern Canada Operations

cc: The Honourable Dennis Fentie, Premier, Yukon Government
The Honourable Brad Cathers, Minister, Energy, Mines and Resources
Angus Robertson, Deputy Minister, Energy, Mines and Resources
Simon Mervyn, Chief, First Nation of Na-cho Nyak Dun
Joe Linklater, Chief, Vuntut Gwitchin
Darren Taylor, Chief, Tr'ondek Hwech'in
Richard Nerysoo, President, Gwich'in Tribal Council