



CANADIAN ASSOCIATION  
OF PETROLEUM PRODUCERS

August 21, 2006

Honourable Joe Handley  
Premier  
Government of Northwest Territories  
Legislative Assembly Building  
Yellowknife, NT X1A 2L9

Honourable Jim Prentice  
Minister of Indian Affairs & Northern Development  
Government of Canada  
Room 407, House of Commons Confederation Bldg.  
Ottawa, Ontario K1A 0A6

Mr. Herb Norwegian  
Chairman  
Deh Cho Land Use Planning Committee  
Box 199  
Fort Providence, NT X0E 0L0

RECEIVED  
AUG 31 2006

Dear Sirs:

**Re: CAPP Comments on Final Draft of the Dehcho Land Use Plan**

The Canadian Association of Petroleum Producers (CAPP) represents 150 companies that explore for, develop and produce more than 95 per cent of Canada's natural gas and crude oil. CAPP also has 130 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 \$100-billion-a-year national industry that affects the livelihoods of more than half a million Canadians.

CAPP is writing in response to the Final Draft of the Dehcho Land Use Plan (the Draft Plan) approved by the Dehcho First Nations in June and submitted to the Government of the Northwest Territories for its approval and to the Federal government for its consideration. CAPP has been involved in consultations on the Dehcho Land Use Plan and has provided written comments on the last three drafts. We acknowledge the efforts of the Dehcho Land Use Planning Committee in developing the Draft Plan and keeping our industry up to date on revisions.

Throughout the process, CAPP has raised concerns about the restrictions that would be placed on industry. These concerns remain substantially unaddressed. Consequently, CAPP cannot support the Draft Plan as we feel it does not balance the conservation goals of the Draft Plan with those related to the potential for benefits arising from responsible oil and gas development. The Draft Plan as proposed will put in place conditions that will make undertaking activity in the Dehcho less attractive for investment. Ultimately it will be the Dehcho region as a whole that suffers from lost opportunities.

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### **Access to Land**

In the Draft Plan, over 60% of the Dehcho Territory is off limits to oil and gas exploration. In a frontier area where not much is known about the resources, restricting so much land from exploration precludes the identification and realization of potentially significant economic opportunities.

### **Access to Resources**

CAPP acknowledges that the Draft Plan recognizes existing uses of the land, and moreover that provisions have been made in the Draft Plan to allow access to leases. However, the zoning map and associated permitted land uses proposed in the Draft Plan, combined with restrictions on supporting infrastructure such as feeder pipelines, raises the possibility that some leases will be valueless in the absence of a viable option to bring any discoveries to market.

### **Additional Regulatory Burden**

The Draft Plan proposes many conformity requirements that fall outside the scope of traditional land use plans. CAPP is concerned that these requirements will place additional regulatory burden on companies in an area where the regulatory environment is already complex and restrictive towards industry. In particular, CAPP is concerned that the introduction of cumulative effects terms, which the Draft Plan states must be considered by regulatory authorities in their decisions, will introduce a de facto regulatory standard as well as a regulatory role for the Committee in determining conformity. We are concerned about the precedent this could set for the Mackenzie Valley when the science supporting cumulative effects terms is not complete and the impacts of introducing them are unknown.

### **Lack of Economic Opportunity**

The Draft Plan lists as two of its goals (p.8):

- “Exploration and development will increase to provide economic benefits to the region”; and
- “The Dehcho territory will become economically self-sufficient through its own revenue generation. There will be a good diversity of business sectors, types and ownership. Individual and regional dependence on external funding will be reduced”.

CAPP fails to see how the Draft Plan enables the realization of these goals. The combination of the lack of available land for development and restrictive conditions in those areas where it is permitted will make the Dehcho region much less attractive for industry activity. It provides few, if any, incentives for a company to undertake the considerable risk and cost of operating in an already challenging area. There is a very real risk that companies will not choose to invest under such circumstances.

The low level of activity in the Dehcho speaks to the challenges of operating in that region. While the rest of Canada is seeing record, or near record, levels of activity, the North continues to lag behind with limited investment and minimal activity. While CAPP recognizes the contribution land use planning can make in achieving sustainable development, we feel the Draft Plan goes too far in placing restrictions on industry activities. Imposing the Draft Plan will only add to the challenges companies face when operating in the North and could potentially preclude future developments and associated benefits for Dehcho residents.

CAPP believes it is incumbent upon the three approving parties to re-examine the goals set out in the Draft Plan and critically examine whether the Draft Plan as drafted can accomplish them. Such a conversation, in our view, can lead to a strengthened and more balanced Plan capable of achieving all of the goals identified. While we recognize that this review is the responsibility of the three approving parties, CAPP is willing to support your efforts with information and advice.

If you have any further questions, please do not hesitate to contact me (403) 267-1102.

Sincerely,

  
Pierre R. Alvarez  
President

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