



# Petroleum Resources FAQs

## **How will oil and gas rights be administered in the Northwest Territories (NWT) after Devolution?**

After April 1, 2014, the Government of the Northwest Territories (GNWT) will become responsible for the administration of oil and gas interests in the NWT. This responsibility will apply to onshore, including the Inuvialuit Settlement Region (ISR) and in the Sahtu and Dehcho Regions. Interests issued in the offshore will remain the responsibility of Aboriginal Affairs and Northern Development Canada (AANDC).

Additionally, the Department of Industry, Tourism and Investment (ITI) has established an Oil and Gas Rights unit, and is in the process of staffing this unit.

## **What will happen to existing Exploration Licences (EL), Significant Discovery Licences (SDL), Production Licences (PL) and Oil and Gas Leases after Devolution?**

The Devolution Agreement specifies that existing licences and leases will continue under the same terms and conditions that were in effect at the time of transfer.

Active licences and leases on GNWT lands will be administered by the GNWT.

Some licences and leases (e.g., Norman Wells Proven Area Agreement) and certain waste sites will not be transferred to the GNWT. The list of transferring waste sites is being finalized and lease/licence holders will be notified once complete.

Significant Discovery Licences that straddle the line of delimitation between onshore and offshore will be divided. After Transfer Date, the GNWT will administer the portion of the SDL that is onshore and AANDC will administer the portion of the SDL that is offshore under separate licences. The process for splitting these licences is currently being finalized.

## **What will happen to existing oil and gas interests after the Transfer Date?**

The Devolution Agreement specifies that existing interests will continue under the same terms and conditions that were in effect at Transfer Date and will continue until the interest lapses or is surrendered. These existing interests will be administered by the GNWT after Transfer Date.

# Petroleum Resources FAQs

## **Will administration of oil and gas interests in the ISR change after Devolution?**

The ISR is the only region in the NWT which has oil and gas interests in both the onshore and offshore, which will straddle two jurisdictions. After Devolution, the GNWT will assume administrative responsibility for the onshore and AANDC will retain administrative responsibility for the offshore.

The GNWT, AANDC and the Inuvialuit Regional Corporation have agreed to coordinate and cooperate on their post-Devolution jurisdictions in respect of oil and gas resource management in the ISR, particularly where they straddle the onshore and offshore. A Memorandum of Agreement will remain in place for an initial 20 year term, and will create an ISR Oil and Gas Coordination Committee to facilitate information sharing and coordinate straddling resources.

## **Will the National Energy Board (NEB) continue to be the regulator for oil and gas activities in the NWT?**

The NEB will remain the regulator of oil and gas activities in the ISR, under GNWT legislation and regulations, and in the offshore and excluded sites (e.g., Norman Wells Proven Area Agreement) under AANDC jurisdiction. The NEB will continue to be the regulator for the entire ISR for a minimum of 20 years post-Devolution. They will also continue to regulate trans-boundary pipelines (e.g., Enbridge Line).

The GNWT will take on the authority to appoint the regulator in the onshore of the NWT, outside of the ISR.

## **Which government will lead future Calls for Nominations and Call for Bids?**

After Devolution, the GNWT will lead future Calls in the onshore areas and AANDC will continue to administer Calls in the offshore areas.

## **Which government will issue Exploration Licences?**

Following the transfer, the GNWT will issue and manage licences in the onshore area, including the Mackenzie Valley. AANDC will continue to issue and manage licences for the offshore areas, including the Beaufort Sea.

## **What GNWT legislation will govern oil and gas administration on territorial lands after Devolution?**

The GNWT is developing an *NWT Oil and Gas Operations Act* (OGOA) and an *NWT Petroleum Resources Act* (PRA) and their associated regulations. The Devolution Agreement commits the GNWT to initially mirror existing federal legislation to ensure a seamless transfer.

## **How will Devolution affect royalty rates?**

The GNWT will collect royalties following the transfer. There will be no changes to the royalty rates established under the PRA for the foreseeable future.

## **Who do I talk to about administration of royalties?**

ITI will be responsible for the administration of the royalty regime established under the PRA and has established a Division – Financial Analysis and Royalties Administration – that will be responsible for royalty administration.

ITI is currently working to staff the Division and hopes to have senior staff in place by January 1, 2014 to ensure a seamless transfer from the federal government.

## **What will happen to securities after Devolution?**

Where the administration and control of a licence or permit transfers to the GNWT, the GNWT will also administer the associated security. ITI will administer securities associated with ELs, SDLs and PLs.

Securities held by the NEB will continue to be held by the NEB, or will be transferred to, and be administered by, the GNWT after Devolution, depending on their location onshore and who the GNWT appoints as regulator.

The GNWT and the federal government are working together on a process to ensure a seamless transfer of securities held by Canada. Notifications will be mailed to all interest and licence holders advising of individual changes.

## **If my company has existing interests, which government will I file my benefits plan with?**

The GNWT will mirror federal legislation post-Devolution, including the current CPRA Benefits Plan requirements. Benefits Plans will need to be submitted to the GNWT for approval for lands that are administered by the GNWT following transfer.