

Guidelines: Application for a Licence or Licence Amendment—Gas Processing Plant or LNG Facility

November 12, 2013

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1 GENERAL

1.1.1 Authority

OGA S 64

Subject to the Yukon *Oil and Gas Act* (OGA) and its regulations, a licence is required for the construction, operation, maintenance, and other activities carried on at a gas processing plant or LNG facility. The Chief Operations Officer (COO), Oil and Gas Resources, has the authority to approve or disapprove an application and to issue a licence pursuant to Yukon’s *Oil and Gas Act*, the *Oil and Gas Drilling and Production Regulations* (OGDPR), the *Gas Processing Plant Regulation* (GPPR), and the *Oil and Gas Licence Administration Regulations* (OGLAR).

Contact Us

Chief Operations Officer
Government of Yukon
Energy, Mines and Resources
Oil and Gas Resources

Office location:

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Whitehorse, Yukon, Y1A 2B2

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Disclaimer

If there is any conflict or inconsistency between these guidelines or the application form and any provision of the Yukon *Oil and Gas Act* or its regulations, the Yukon *Oil and Gas Act* and its regulations prevail.
Legislation can be found at www.yukonoilandgas.com.

1.1.2 Description of a Licence

GPPR s 16

A licence is authority to construct the plant or facility to which it relates. Two or more LNG facilities on the same site may be included in the same licence. A licence will include a map showing the site of the plant or facility. In the case of a processing plant, a licence will state the type of processing to occur at the plant and the maximum throughput capacity of the plant.

1.1.3 Conditions of A Licence

GPPR s 17

A licence for a processing plant or LNG facility is subject to the following conditions:

- Construction of the plant or facility must be commenced and completed by the respective dates shown in the licence.
 - These dates may be advanced or extended by the COO.
 - If construction is not substantially commenced by a respective date or its extension, the COO may cancel a licence.
- The contractor identified in the application for the licence must be used in the construction of the plant or facility unless otherwise approved by the Chief Operations Officer.
- The plant or facility must be constructed in accordance with the licence, any conditions imposed by the Chief Operations Officer in relation to the licence, and any applicable directions of the Chief Operations Officer.
- When a licence incorporates a provision of the application, or any other supporting document, these provisions are considered to be contained in the licence.

1.1.4 Contents of the Application

Oil and Gas Resources will review all documents pertaining to the application. Please provide:

- three (3) physical copies of the application form and supporting documentation,
- one electronic version of the application and supporting documentation,
- three (3) physical copies of each related document sent to other governmental departments or agencies, and
- one (1) electronic version of each related document sent to other governmental departments or agencies.

Please provide the electronic versions on a CD or data stick.

1.1.5 Preferred Method of Delivery

Please send the application by hand delivery, courier, or Canada Post to:

Chief Operations Officer, Oil and Gas Resources
Government of Yukon
Department of Energy, Mines and Resources
Suite 300, 211 Main Street
Whitehorse, Yukon
Y1A 2B2

1.1.6 Prescribed Fees

OGLAR s 15, schedule B

There is a \$500 fee to process an application for a field facility licence.

There is a \$500 fee to process an application for a gas processing plant licence.

1.1.7 Amendment or re-issue of A Licence

GPPR s 18

The COO may amend a licence on application by the licensee; or after consultation with the licensee, the COO may amend the licence for reasons related to safety, environmental protection, or changes in technology or legislation; or to correct an error or resolve an ambiguity.

Alternatively, the COO may reissue the licence with the amendments incorporated in it.

1.1.8 Timing of Application to Amend a Licence

An application for an amendment to a licence must be made at least 30 days prior to the effective date of the proposed amendment.

1.1.9 Public Inspection of Application

GPPR s 10(3)(a)

The Chief Operations Officer is required to make the application available for public inspection. The COO may issue directions as to the publication of, or the distribution of copies of the application or a notice of its application (GPPR section 10(2)).

1.1.10 Timing of Application

The timeline for processing an application depends on the application complexity, geographic location, and the applicant's effort to engage with Yukon First Nations, the public, and with OGR.

Oil and Gas Resources is defining a process where one or more meetings are required before a licence is issued. These meetings may include:

- A pre-application submission meeting (mandatory).
- A mid-process meeting to discuss the application to be submitted to OGR, and to review feedback.
- A final approval meeting if a plant is approved.

1.1.11 Prior to Applying for A Licence

It is important that project planning and document preparation be largely in place before applying for a licence. Due to requirements regarding consultation and notification, and the *Yukon Environmental and Socio-Economic Assessment Act* (YESAA), applicants are encouraged to contact the Chief Operations Officer early in the planning process.

1.1.12 Consultation

GPPR s 11(1)(b)

OGLAR s 20(1)

It is recommended that prior to submission of an application, consultation about the proposed activity take place with affected Yukon First Nation(s), and others affected by the proposed activity.

Also see 2.1.2 Consultation Report in these Guidelines.

2 SUBMISSION REQUIREMENTS

Applications must be submitted in a format acceptable to the COO, including the form entitled *Application for a Licence or Licence Amendment—Gas Processing Plant or LNG Facility*. The form and these guidelines can be obtained from Oil and Gas Resources.

2.1.1 Required Documents Supporting a Licence Application

GPPR s11

Pursuant to section 11 of the *Gas Processing Plant Regulations*, an application must contain or be accompanied by the following:

2.1.2 Maps and Diagrams

GPPR s 11(1)(a)

A licence application must include a map showing the proposed location of the site for the plant or facility. See the section entitled, **Legal Surveys** under **ADDITIONAL INFORMATION** in these guidelines.

2.1.3 Consultation Report

GPPR s 11(1)(b)

OGLAR s 19, 20(1)

The consultation report must show whether there are any unresolved disputed issues relating to the application. Include details about the nature of the issues and efforts made by the applicant to resolve them.

In addition, if the COO has issued any directions under section 19 of the OGLAR, the report must show whether the directions have been complied with, and include the reasons for non-compliance or incomplete compliance.

It is recommended that applicants maintain detailed records of all communications pertaining to the application regarding the disclosure of information; consultation; any disputes that may arise, and negotiations pertaining to those disputes. Inclusion of these records in the consultation report is requested.

2.1.4 Management System

GPPR s 11(1)(c)

A statement certifying that the applicant has in place a management system that meets the requirements of the GPPR, section 12. Oil and Gas Resources may require that the management system be submitted for review.

2.1.5 Safety Program

GPPR s 11(1)(d)

A safety program that meets the requirements of the GPPR, section 13.

2.1.6 Environmental Protection Program

GPPR s 11(1)(e)

An environmental protection program that meets the requirements of the GPPR, section 14.

2.1.7 Non-destructive testing program

GPPR s 11(1)(f)

A program for non-destructive examination of welded joints that meets the requirements of the GPPR, section 15.

2.1.8 Quality Control and Quality Assurance

GPPR s 11(1)(g)

A quality control and quality assurance program for the components of the plant or facility.

2.1.9 Abandonment Plan

GPPR s 11(1)(h)

A plan for the eventual abandonment of the plant or facility and for reclaiming the site of the plant or facility after the abandonment.

2.1.10 Contractor

GPPR s 11(1)(i)

A statement identifying the contractor for the construction of the plant or facility.

2.1.11 Description of Facilities-Processing Plant

GPPR s 11(1)(j)

In the case of a processing plant, a description of the processing facilities and control system, including the flow system, the flow calculation procedure and the flow allocation procedure that will be used for measurement purposes.

2.1.12 Flaring and Venting

GPPR s 11(1)(k)

Information respecting any proposed flaring or venting of raw gas, marketable gas or other gaseous substances. Flare/incinerator/vent stack data submission must include:

- Stack height and diameter.
- Predicted normal and maximum emissions of SO₂/hr.
- Rate and calculated volume of potential H₂S releases.
- Results of gas/vapour dispersion modeling for lit and unlit conditions.
- Maximum expected rates for continuous flaring, and volumes/compositions of flared streams.
- Maximum stream velocity in meters per second at the flare metering point.
- Description of the flare metering configuration proposed to measure both

- o the purge gas within the meter range and accuracy lower limit, and
- o the blow down situation, within the upper limit of the manufacturers specifications and required published Commission uncertainties.
- Description of how plant processing will conserve gas volumes by avoiding tie-in to the flare and/or incinerator stack (vapor recovery considerations).
- Description of how plant ESD procedures will limit emissions.
- Description of the flame-out detection system configuration for the flare stack/incinerator equipment, and if it is set up to alarm and/or shutdown process.
- Appropriate isopleths for the various levels of H₂S and SO₂.
- Description of the design to prevent flash-back of flame-back into process (i.e.: positive pressure system, flame arrestor).

2.1.13 Other Information as Requested

GPPR s 11(1)(l)

After receiving an application for a licence, a request may be made for additional information or documents relevant to the application.

2.1.14 Exceptions

An application need not be accompanied by a prescribed program if the applicant had previously submitted the program to the Chief Operations Officer in support of an application for a different licence; and the program is still current and appropriate for the plant or facility.

2.1.15 CSA Z276 – 11, Liquefied natural gas (LNG) —Production, storage, and handling

In the case of an LNG facility, an application must include references to CSA Z276 and also show how the proposed facility conforms to and is in compliance with all aspects of the CSA standard.

2.1.16 Request for a Direction from the COO

GPPR s 11(3)(a)

An application may include a request for a direction under section 7 of the GPPR regarding the proposed plant or facility, and an explanation of and justification for the requested direction.

2.1.17 Application to Designate a Pipeline

GPPR s 11(3)(b)

An application under subsection 65(3) of the Yukon *Oil and Gas Act* to have a pipeline designated as part of the plant or facility if the route of the pipeline is shown on the map required in the application.

2.1.18 Proof of Eligibility to Hold a Licence

OGLAR s 4

Pursuant to section 4 of the *Oil and Gas Licence Administration Regulations*, in order to be eligible to hold a licence, a person must be incorporated, continued or registered under the *Business Corporations Act*; incorporated or continued under the *Bank Act* (Canada); licensed under the *Insurance Act*; or approved by the Minister.

Please provide a copy of documentation pursuant to section 4 of the OGLAR, and indicate its in the Checklist with the form.

2.1.19 Information That May be Required

2.1.20 Additional Maps and Diagrams

It is recommended that the application also contain maps and diagrams that include:

- A Plot Plan Drawing.
- Complete plant piping and instrumentation drawings (P&IDs) including:
 - Fuel gas lines (plant and/or field).
 - Pilot gas and dilution gas streams to plant flare stacks. Include tie in points in the plant.
 - All plant piping that can impact the production accounting model.

- Fluid injection streams. E.g. water, acid gas.
- All delivery streams.
- Flare stacks and incinerator stacks.
- Process flow diagrams (PFDs) of the plant or facility.
- All other existing plants and sulphur handling facilities at the site or in the area within 50 km.
- All lakes, streams, and other surface bodies of water within 10 km.
- All settlements within 20 km.
- General land use (forested, farming, other) within 10 km.
- A Metering block diagram (i.e. metering schematic) detailing:
 - All meters in the plant (production accounting and non-production accounting).
 - Meter types (i.e. orifice, turbine, ultrasonic).
 - All production accounting meters in the plan on a list or table on the metering schematic. This will typically be a subset of all of the plant meters.
 - Cross reference this list to the meters shown on the metering schematic by meter number and/or meter description.
 - Include types of measuring devices used to determine levels and/or volumes in tanks or production vessels for production accounting purposes. E.g. level gauge, level transmitter, pressure transmitter inlet piping header to plant inlet separators.
 - All stream (plant and inlet header) block valves and their normal operational state (normally open or normally closed), that can cause a change in fluid flow that will impact the production accounting model.

- Gathering Block Diagram, for example, a gathering system schematic detailing:
 - Type of primary well production (oil or gas).
 - Well site locations, indicated by the legal surface location.
 - Well site configuration (3 phase separation, 2 phase separation, wet meter). This may be typical if all well sites are the same.
 - All field meters and types, e.g. orifice meter, turbine, etc.
 - Types of measuring devices used to determine levels and/or volumes in tanks or production vessels for production accounting purposes.
 - All field fuel gas streams and meters. If no meter is installed, indicate how volume is determined for reporting purposes for a given stream.
 - Field flare streams. If no meter is installed, indicate how volume is determined for reporting purposes for a given stream.
 - All field process equipment. e.g. compressors, separators, tanks, etc.
 - Gathering system offload streams that permit volumes to deliver to processing that is different from the plant applied for.
 - Gathering system on load streams that permit volumes to be received from other reporting facilities, gas plants or gathering systems.
 - Return fuel gas streams from a plant, facility, or other processing equipment.
 - Gathering system block valves and piping that may impact the production accounting model.
 - All piping streams block valves. Indicate normal operational state (Normally Open or Normally Closed) that can cause a change in fluid flow that will impact the production accounting model.

- A composite analysis of the inlet gas under normal operating conditions and the maximum H₂S content of the raw inlet gas in moles per kilomole.
- Fugitive Emissions Management Plan for the proposed plant.
- Air monitoring plan. This may include passive or real time plant/perimeter detection for H₂S and/or SO₂, wind speed and direction monitoring.
- Storage tank secondary containment plans (production and non-production storage). Include location of truck loading lines.
- Noise Impact Assessment (NIA). Refer to the [*BC Noise Control Best Practices Guideline*](#). Attach NIA Report to application.

2.1.21 Sulphur Processing

If the proposal includes a sulphur processing facility, include a written submission that:

- Describes the proposed control measures to limit the release of sulphur dust and entrained gases.
- Describes the proposed method to degasify produced liquid sulphur and to dispose of sulphur compounds and other vapours associated with such processes.
- Describes how sulphur volumes will be measured and reported.

3 LEGISLATION PERTAINING TO OIL AND GAS ACTIVITY IN YUKON

Permits for land and water use, listed below, are but two of the regulatory requirements for oil and gas activity in Yukon. Other authorities will include the Department of Environment; the Building Safety and Standards Branch, Community Services; Yukon Workers Compensation Health and Safety Board; and the Fire Marshall's office. This is not an exhaustive list. Applicants are required to make themselves aware of all Yukon [legislation and other documents](#) pertaining to an activity.

3.1.1 Land Use Permits

Land use permits are required for most activities on Yukon lands. The [Territorial Lands \(Yukon\) Act](#) specifies project requirements for permits and may apply to such oil and gas projects as clearing seismic lines, constructing an access route, or clearing a well site.

A permit does not provide the holder exclusive rights, interest, or tenure to the land. Permits typically include terms and conditions to ensure that work is conducted in an environmentally safe and responsible manner.

For more information please refer to the [Land Management Branch web page](#).

3.1.2 Water Licences

A water licence under the *Waters Act* and *Waters Regulation* may be required for certain oil and gas activities depending on the water usage and the need to discharge into a water body:

- During exploration and ice road construction, the proponent may require a water licence if water use is more than 100 m³/day.
- Stream crossings greater than five metres in width may require a water licence for culvert installation.
- Camps with a capacity of greater than 50 people per day will require a water licence for waste disposal.

For more information about the *Waters Act* and its regulations consult: [the Environment Yukon web page](#).

4 ADDITIONAL INFORMATION

4.1.1 Benefits Agreement

OGA s 68

OGLAR s 14

Subject to section 68 of the *Oil and Gas Act*, no oil and gas activity shall be carried on under the authority of a licence unless there is in effect a [Benefits Agreement](#) made in accordance with this section and entered into by the licensee, the Minister on behalf of the Government, and the Yukon First Nation on whose settlement land or traditional territory the oil and gas activity will be carried on.

4.1.2 Best Management Practices

Yukon has developed best management practices for oil and gas exploration and development activities. While the oil and gas best management practices are not legislation, they are considered by Oil and Gas Resources and therefore influence decisions made in the course of administering the *Oil and Gas Act* and its regulations. [Download a copy of the Yukon Oil and Gas Best Management Practices brochure, here.](#)

4.1.3 Financial Responsibility

OGR s 66

OGLAR s 13

In accordance with section 66 of the *Oil and Gas Act*, proof of financial assurance may be required. Proof of financial assurance is for the payment of prescribed claims arising out of operations related to oil and gas activities authorized by a licence.

4.1.4 What Amount and Form of Financial Assurance is Required?

OGA s 66 2

Financial assurance will be in a form and amount which is satisfactory to the Minister and may consist of

- a letter of credit,
- a guarantee,
- an indemnity bond or
- any other form of proof of financial responsibility satisfactory to the Minister.

4.1.5 How Long is Financial Assurance Required?

OGA s 66 3(a)

Financial assurance will be maintained for the duration of the oil and gas activity which is authorized by the licence or may be reduced, released, or returned in stages or otherwise.

4.1.6 Amendments to Financial Assurance

OGA s 66 3

An amendment to the requirement for financial assurance may be made under the following circumstances:

1. A licensee may apply for an amendment to the requirement for financial assurance.
2. The Minister may make an amendment application.

If the licensee fails to maintain financial assurance, the Minister may suspend the licence until financial assurance is supplied; or cancel the licence. In the case of a licence cancellation the Minister may enforce the payment of claims pertaining to the activity.

4.1.7 Legal Surveys

OGLAR s 32

OGDR s 2-4

Legal surveys made to determine the geographical position of an oil and gas facility must be:

- conducted as per the Land Division System described in the *Oil and Gas Disposition Regulations*, section 2 to 4; and
- made and reported in accordance with the instruction of the Surveyor General of Canada; and
- must refer to the North American Datum of 1983 (CSRS).

In addition, please provide a geo-referenced file with associated metadata with a survey or map.

4.1.8 Minimum Requirements for Geo-referenced Files

Although optional, Oil and Gas Resources requests a geo-referenced file with associated metadata be submitted using the following guidelines:

Datum

Preferred: NAD 83

Acceptable: WGS84

Unacceptable: NAD27 is no longer used by Oil and Gas Resources.

Projections

Preferred: Yukon Albers

Acceptable: Unprojected (Lat, Long) and UTM

Acceptable File Types

ESRI geo-database with metadata

ESRI shape file with metadata

AutoCAD DWG/DXF with metadata

MicroStation DGN, with metadata

Metadata

A minimum acceptable metadata record will contain:

- File Name
- Name of Organization
- Contact Name and Number
- Data Abstract
- Datum
- Projection
- Accuracy
- Date

Comments

As required.

4.1.9 Retention of Records

OGLAR s 17

Pursuant to section 17 of the OGLAR, licensees, and former licensees are required to retain the records that were required in the preparation of documents submitted to the Minister. Records must be stored in Canada for a minimum of six years unless otherwise directed by the COO.

4.1.10 The YESAA Process

A proposal for a project or oil and gas activity may be subject to an assessment pursuant to the *Yukon Environmental and Socio-Economic Assessment Act* (YESAA). Assessments are required for many oil and gas activities. Part 3 of the Yukon Oil and Gas Act, and the YESAB website, www.yesab.ca, should be consulted.

The YESAA applies throughout Yukon and includes projects under the authority of federal, territorial, and First Nations governments. The Yukon Environmental and Socio-Economic Assessment Board (YESAB), and regional designated offices have been established to conduct assessments.

When a proposed activity requires an assessment according to YESAA, the applicant must apply for that assessment. Proponents are asked to provide information on the project and the surrounding environment; the potential environmental effects; socio-economic effects directly related to the project; and mitigation proposed to eliminate or reduce these effects.

When an assessment under YESAA is initiated, the application process will involve two parallel streams that happen concurrently. An internal review is done within the Government of Yukon with Oil and Gas Resources as the lead regulator in a Decision Body, formed by all departments involved in the application process.

During the assessment period, input is sought from governments, advisory committees, and the public. Based on this input, the YESAB prepares an assessment report containing one or more recommendations. The assessment report is then reviewed by the Yukon government Decision Body, with OGR as the lead regulator.

Before a licence can be accepted or rejected, the Decision Body must deliver a decision document which may accept, vary, or reject any or all of the recommendations in the assessment report.

For more information on how the YESAB and the Government of Yukon work together please refer to:

http://www.emr.gov.yk.ca/pdf/yesaa_guide_final_web.pdf .

4.1.11 Official Service Address

OGLAR s 9, 10

OGDR s 14

If a corporation has registered an [Official Service Address](#) with Oil and Gas Resources, that address should be indicated on the application. If a corporation does not have an official service address under section 14 of the OGDR, applicants should indicate an address on the application that will be used as the official service address if the licence is issued, pursuant to section 10 of the *Oil and Gas Licence Administration Regulations* (OGLAR).

4.1.12 What is An Official Service Address?

In relation to an oil and gas disposition, an official service address is the address used to communicate with the designated representative or sole holder of an oil and gas disposition. If a person (the applicant) does not have an official service address registered with OGR under section 14 of the OGDR, the completion of section C on this form will suffice to register one for the licensee if the licence is issued.

4.1.13 Why Does a Licensee Need an Official Service Address?

From time to time, the Minister or Chief Operations Officer may need to deliver a notice or directive to the licensee, and may do so via an official service address, pursuant to section 10 of the OGLAR.

4.1.14 Giving Notices to the Minister or Chief Operations Officer

OGLAR s 11

From time to time a licensee may need to give a notice to the Minister or Chief Operations Officer. That notice may be delivered to Oil and Gas Resources via registered mail, fax, or e-mail.