



P.O. Box 2018 Inuvik NT. X0E 0T0
Ph. 867 777 4954 Fx. 867 777 2616

LAND USE PERMIT

Permit Class: **A**

Permit No: **G02A012**

Subject to the Mackenzie Valley Land Use Regulations and the terms and conditions of this permit, authority is hereby granted to:

Devlan Exploration Inc.

PERMITTEE

To proceed with the land use operation described in the application of:

Signature: **Mark B. Algar**

Date: **Nov/13/02**

Type of Land Use Operation: **Drilling Program**

Location: **Well Site D-39: 67° 07' 34.94" N, 131° 37' 20.63" W**

This permit may be assigned, extended, discontinued, suspended or cancelled pursuant to the Mackenzie Valley Land Use Regulations.

Dated at Inuvik, NT Chair _____

This 19th Day of, December, 2002.

Commencement Date December 19, 2002. Expiry Date December 31, 2005.

NOTE

IT IS A CONDITION OF THIS PERMIT THAT THE PERMITTEE COMPLY WITH ANY OTHER APPLICABLE ACT, REGULATION, ORDINANCE, BY-LAW OR ORDER DEFAULT HEREOF MAY RESULT IN SUSPENSION OR CANCELLATION OF THIS PERMIT.

**CONDITIONS ANNEXED TO AND FORMING PART
OF LAND USE PERMIT NUMBER G02A011, G02A012, G02A013, G02A014**

31 (1) (a) - LOCATION AND AREA

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| 1.1 | The Permittee shall not conduct this land use operation on any lands not designated in the accepted application, unless otherwise authorized in writing by the Engineer. | PLANS |
| 1.2 | The Permittee shall not conduct any part of the land use operation within three hundred (300) metres of any privately owned land or structure, unless otherwise authorized in writing by the Engineer. | PRIVATE
PROPERTY |
| 1.3 | (a) The Permittee shall offset vehicle travel in areas without a snow covered surface.

(b) The Permittee shall confine the line to a maximum width of ten (10) metres, unless otherwise authorized in writing by a Land Use Inspector. | OFFSET
VEHICLE
TRAVEL |
| 1.4 | The Permittee shall not construct parallel lines or roads unless authorized by the Engineer. | PARALLEL
ROADS |
| 1.5 | The Permittee shall not construct an adit or drillsite within fifty (50) metres of the normal high water mark of a stream, unless approval in writing is obtained from the Engineer. | LOCATION OF
ADITS AND
DRILLSITES |
| 1.6 | The Permittee shall locate all lines, trails and rights-of-way to be constructed parallel to streams a minimum of thirty (30) metres from any stream except at crossings, unless otherwise authorized in writing by a Land Use Inspector. | PARALLELING
STREAMS |
| 1.7 | The Permittee shall at all times conform to all applicable Federal, Territorial Or Local regulations, ordinances or bylaws | CONFORM TO
APPLICABLE |

31 (1) (b) - TIME

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| 2.1 | The Permittee's Field Supervisor shall contact or meet with a Land Use Inspector at the Inuvik office of the Department of Indian Affairs and Northern Development, telephone number (867) 777-3361, at least forty-eight (48) hours prior to the commencement of this land use operation. | CONTACT
INSPECTOR |
| 2.2 | The Permittee shall advise a Land Use Inspector at least ten (10) days prior to the completion of the land use operation of (a) his plan for removal or storage of equipment and materials, and (b) when final clean-up and restoration of the land used will be completed. | REPORTS
BEFORE
REMOVAL |
| 2.3 | The Permittee shall submit a progress report to the BOARD every seven (7) days during this land use operation. | PROGRESS |

2.4	The Permittee shall notify a Land Use Inspector at least ten (10) days prior to backfilling any sump.	BACKFILLING NOTIFICATION
2.5	The Permittee shall not conduct any overland movement of equipment or vehicles before 0800 hours local time on, unless otherwise authorized in writing by a Land Use Inspector.	START-UP DATE
2.6	The Permittee shall not conduct any overland movement of equipment and vehicles after 0800 hours local time on, April 15 unless otherwise authorized in writing by a Land Use Inspector.	SHUT-DOWN DATE
2.7	The Permittee shall not conduct any overland movement of equipment and vehicles between April 15 and November 15, unless otherwise authorized by a Land Use Inspector.	SHUT-DOWN PERIOD
2.9	The Engineer, for the purpose of this operation, designates April 15 as spring break-up.	SPRING BREAK-UP
2.10	The Permittee shall remove all ice bridges prior to spring break-up or completion of the land use operation, unless otherwise approved in writing by a Land Use Inspector.	REMOVE ICE BRIDGE
2.11	The Permittee shall remove all snow fills from stream crossings prior to spring break-up or completion of the land use operation, unless otherwise approved in writing by a Land Use Inspector.	REMOVE SNOW FILLS
2.12	The Permittee shall restore all sumps prior to spring break-up, unless otherwise authorized in writing by a Land Use Inspector.	SUMPS/SPRING BREAK-UP
2.13	The Permittee shall dispose of all brush and timber prior to removal of men or equipment from the land use area.	BRUSH DISPOSAL
2.14	The BOARD reserves the right to impose closure of any area to the Permittee in periods when dangers to natural resources are severe.	CLOSURE
 31 (1) (c) - EQUIPMENT		
3.1	The Permittee shall not use any equipment except of the type, size, and number that is listed in the accepted application, unless otherwise authorized in writing by a Land Use Inspector.	ONLY APPROVED EQUIPMENT
3.2	The Permittee shall equip bulldozer blades used in this operation with "mushroom" type shoes or a similar type of device which shall be extended Twenty (20) centimetres below the cutting edge of the blade.	BULLDOZER BLADES AND SHOES

31 (1) (d) - METHODS AND TECHNIQUES

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| 4.1 | The Permittee shall scout proposed lines and routes to select the best location for crossing streams and avoiding terrain obstacles prior to the movement of any vehicle that exerts pressure on the ground in excess of 35 kPa. | DETOURS AND
CROSSINGS |
| 4.2 | The Permittee shall construct and maintain winter roads with a minimum of Twenty (20) centimetres packed snow at all times during this land use operation. If this cannot be done, then the Permittee shall construct <u>Ice Roads</u> in a manner approved by a Land Use Inspector. | SNOW ROADS/
ICE ROADS |
| 4.3 | The Permittee shall dogleg lines, trails and rights-of-way that approach lakes, streams or public roads, as specified in writing by a Land Use Inspector. | DOGLEG
APPROACHES |
| 4.4 | The Permittee shall not erect camps or store material on the surface ice of streams. | STORAGE ON ICE |

**31 (1) (e) - TYPE, LOCATION, CAPACITY
AND OPERATION OF FACILITIES**

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| 5.1 | The Permittee shall not locate any sump within one hundred (100) metres of the normal high water mark of any stream. | SUMPS FROM
WATER |
| 5.2 | The Permittee shall maintain all drill wastes at least 1.2 metres below the lowest elevation of contiguous surrounding ground surface at all times. | SUMPS
FREEBOARD |
| 5.3 | The Permittee shall backfill and restore all sumps prior to the expiry date of this Permit. | BACKFILL
SUMPS |
| 5.4 | The Permittee shall backfill all sumps in such a manner that drill waste is maintained below the 1.2 metre freeboard. | BACKFILL
SUMPS - HOW |
| 5.5 | The Permittee shall:

(a) Place and mound all excavated material over the sump area to ensure ponding does not occur.

(b) Overlap the material a minimum of two (2) metres beyond the edges of the existing sump wall. | BACKFILL
SUMP - OVERLAP |
| 5.6 | The Permittee shall ensure that the land use area is kept clean and tidy at all times. | CLEAN
WORK AREA |

**31 (1) (f) - CONTROL OR PREVENTION OF FLOODING,
EROSION AND SUBSIDENCE OF LAND**

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| 6.1 | (a) The Permittee shall, where flowing water from bore holes is encountered, plug the bore hole in such a manner as to permanently prevent any further outflow of water. | PLUG
ARTESIAN
WELLS |
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	(b) The artesian occurrence shall be reported to the BOARD within forty-eight (48) hours.	
6.2	The Permittee shall remove any obstruction to natural drainage caused by any part of this land use operation.	NATURAL DRAINAGE
6.4	The Permittee shall not use any material other than clean snow or water in the construction of ice bridges.	ICE BRIDGE MATERIAL
6.5	The Permittee shall not allow any ice bridge to hinder the flow of water in any stream.	ICE BRIDGE
6.6	The Permittee shall remove snow fills in stream crossings as the land use Operation progresses unless otherwise authorized in writing by the inspector (V notching in most cases is acceptable)	REMOVE WATER CROSSINGS
6.14	The Permittee shall install erosion control structures as the land use operation progresses, unless otherwise authorized by a Land Use Inspector.	EROSION CONTROL
6.15	The Permittee shall insulate the ground surface beneath all structures and facilities associated with this land use operation to:	INSULATE GROUND SURFACE
	(a) Prevent any vegetation present from being removed, and	
	(b) The ground settling and/or eroding.	
6.16	The Permittee shall prepare the site in such a manner as to prevent rutting of the ground surface.	PREVENTION OF RUTTING
6.17	The Permittee shall not move any equipment or vehicles unless the ground surface is in a state capable of fully supporting the equipment or vehicles without rutting or gouging.	VEHICLE MOVEMENT FREEZE-UP
6.18	The Permittee shall suspend overland travel of equipment or vehicles if rutting occurs.	SUSPEND OVER-LAND TRAVEL
6.20	The Permittee shall detour around all sand hills, unless otherwise authorized in writing by a Land Use Inspector.	AVOID SAND HILLS
6.24	The Permittee shall save the organic soil stripped from the excavation area.	SAVE ORGANIC SOIL
6.25	The Permittee shall place the organic soil over the disturbed area prior to the expiry date of this Permit.	PLACE ORGANIC SOIL
31 (1) (g) - USE, STORAGE, HANDLING AND DISPOSAL OF CHEMICAL OR TOXIC MATERIAL		
7.1	The Permittee shall not use chemicals in connection with the land use operation without the prior approval of the BOARD.	APPROVAL OF CHEMICALS
7.2	The Permittee shall not use the following materials during the	PROHIBITED

	drilling operation without the prior written approval of the BOARD.	CHEMICALS
	<input type="checkbox"/> Chlorinated phenols (Dowicide B, etc.) <input type="checkbox"/> Compounds composed primarily of heavy metals <input type="checkbox"/> Asbestos	
7.3	The Permittee shall deposit all sewage into a sump, or as directed by a Land Use Inspector.	SEWAGE DISPOSAL
7.4	(a) The Permittee shall treat all sewage in a treatment plant capable of extracting eighty-five to ninety per cent (85-90%) of the biodegradable solids. (b) The Permittee shall place all remaining solids in a sump.	SEWAGE DISPOSAL
7.5	The Permittee shall keep all garbage and debris in a covered metal container until disposed of	GARBAGE CONTAINERS
7.6	The Permittee shall remove from Territorial Lands, all scrap metal, Discarded machinery and parts, barrels and kegs, buildings and building materials	REMOVE WASTE MATERIAL
7.7	The Permittee shall deposit all drill waste containing poisonous or persistent chemical additives into a sump.	DRILL WASTE DISPOSAL
7.8	The Permittee shall deposit all drill waste into a sump.	DRILL WASTE
7.9	The Permittee shall not allow any drilling waste to spread to the surrounding lands.	DRILL WASTE CONTAINMENT
7.10	The Permittee shall use a forced-air- fuel –fired incinerator to incinerate all combustible garbage and debris daily.	INCINERATORS
7.11	The Permittee shall remove all noncombustible garbage and debris from the land use area to a disposal site approved in writing by a Land Use Inspector.	REMOVE GARBAGE
7.12	The Permittee shall dispose of all combustible waste petroleum products by incineration or removal.	WASTE PETROLEUM DISPOSAL
7.13	The Permittee shall dispose of all toxic or persistent substances in a manner as approved in writing by the Engineer.	WASTE CHEMICAL DISPOSAL
7.14	The Permittee shall dispose of all fluids used to wash machinery and equipment in a sump, unless otherwise authorized in writing by a Land Use Inspector.	RIG WASH DISPOSAL

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| 7.15 | The Permittee shall report all spills immediately in accordance with instructions contained in "Spill Report" form N.W.T. 1086 (10/79). 24 hour Spill Report Line (403) 920-8130. | REPORT
CHEMICAL
AND
PETROLEUM
SPILLS |
| 6.6 | The Permittee, prior to the discharge of fluids from any sump, Shall carry out an analysis if the fluid in a manner prescribed By the BOARD and obtain written approval to discharge. | SUMP
DISCHARGE |

31 (1) (h) - WILDLIFE AND FISHERIES HABITAT

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| 8.1 | The Permittee shall not unnecessarily damage wildlife habitat in conducting this land use operation. | HABITAT
DAMAGE |
| 8.2 | The Permittee shall construct and maintain all structures placed in streams frequented by fish, in such a manner that will not obstruct passage of fish. | FREE FISH
MOVEMENT |
| 8.3 | The Permittee shall not obstruct the movement of fish while conducting this land use operation. | FREE FISH
MOVEMENT |
| 8.4 | The Permittee shall not destroy or damage beaver dams. | BEAVER DAMS |
| 8.5 | The Permittee shall not destroy or damage muskrat lodges. | MUSKRAT
LODGES |
| 8.6 | Your operation is in an area where bears may be encountered. Proper food handling and garbage disposal procedures will lessen the likelihood of bears being attracted to your operation. Information about the latest bear detection and deterrent techniques can be obtained from the Department of Renewable Resources at (867) 920-8066. | BEAR/MAN
CONFLICT |
| 8.7 | The Permittee shall not in any circumstances deposit or allow the Deposit of any deleterious substances (including but not limited to Fuels, lubricants, hydraulics and coolants) of any type into waters or any place under any conditions where the deleterious substances may enters waters | DEPOSITING
DELETERIOUS
SUBSTANCES |
| 8.8 | The Permittee shall screen all water intakes from fish bearing water to exclude fish in accordance with DFO requirements | WATER
SCREENS |

31 (1) (J) HISTORICAL AND ARCHEOLOGICAL SITES

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| 9.1 | The Permittee shall not operate any vehicle within one hundred (100) metres of a known Archeological site | VEHICLE
OPERATION |
| 9.2 | The Permittee shall not remove, disturb or displace any archeological specimen or site | DISTURB OR
DISPLACE |

9.3	The Permittee shall contact the BOARD and the PWNHC should an archeological site or specimen, be encountered during the course of a land use operation	CONTACTS
9.4	The Permittee shall immediately cease any activity that disturbs an archeological or historical site, Encountered during the course fo a land use operation; until permitted to proceed with the authorization of the Board	STOP LAND USE ACTIVITY
31 (1) (i) - OBJECTS AND PLACES OF RECREATIONAL, SCENIC AND ECOLOGICAL VALUE		
10.1	The Permittee shall not feed wildlife.	NO FEEDING WILDLIFE
31 (1) (k) - PETROLEUM FUEL STORAGE		
11.1	The Permittee shall not place any petroleum fuel storage containers within thirty (30) metres of the normal high water mark of any stream.	FUEL BY STREAM
11.2	The Permittee shall locate mobile fuel facilities on land when stationary for any period of time exceeding twelve (12) hours.	FUEL ON LAND
11.3	The Permittee shall not allow petroleum products to spread to surrounding lands or into water bodies.	FUEL CONTAINMENT
11.4	The Permittee shall construct a dyke around each stationary fuel container or group of stationary fuel containers where any one container has a capacity exceeding 4 000 litres.	DYKE FUEL CONTAINERS
11.5	The volume of the dyked area shall be ten per cent (10%) greater than the capacity of the largest fuel container placed therein.	CAPACITY
11.6	The Permittee shall ensure that the dyke and the area enclosed by the dyke shall be impermeable to petroleum products at all times.	IMPERMEABLE DYKE
11.7	The Permittee shall: (a) Examine all fuel storage containers for leaks a minimum of once every day. (b) Repair all leaks immediately.	CHECK FOR LEAKS
11.8	The Permittee shall not use bladders for storing petroleum products.	BLADDERS PROHIBITED
11.9	The Permittee shall seal all container outlets except the outlet currently in use.	SEAL OUTLET
11.10	The Permittee shall mark all fuel containers with the Permittee's	MARK

name. This includes 45 gallon drums.

CONTAINERS

31 (1) (l) - DEBRIS AND BRUSH DISPOSAL

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| 12.1 | The Permittee shall complete total disposal of all debris and brush cleared prior to the expiry date of the Permit. | BRUSH DISPOSAL/
TIMING |
| 12.2 | The Permittee shall progressively complete disposal of all debris and brush. | PROGRESSIVE
DISPOSAL |
| 12.3 | The Permittee shall spread all cut debris and brush over the areas cleared, prior to completion of the operation or expiry of the Land Use Permit. | SPREAD BRUSH |
| 12.4 | The Permittee shall salvage all portions of trees cleared that are larger than thirteen (13) centimetres in diameter. | SALVAGE TIMBER |
| 12.5 | The Permittee shall neatly pile all salvaged wood at locations | PILE WOOD |
| 12.6 | The Permittee shall not leave tree stumps exceeding twenty (20) centimetres above the ground surface. | TREE STUMPS |
| 12.7 | The Permittee shall clear by hand all trees a minimum distance of Thirty (30) metres from the top edge of all. | CLEAR
UNSTABLE AREA |

31 (1) (o) RESTORATION OF LANDS

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| 13.1 | The Permittee shall commence and foster re-vegetation on all parts of the land used, as may be directed by a Land Use Inspector, within one year of the completion of the land use operation | REESTABLISH
VEGETATION |
| 13.2 | The Permittee shall complete all clean-up and restoration of the Lands used prior to the expiry date of this permit | CLEAN-UP |
| 13.3 | The permittee shall establish vegetation on all areas stripped of vegetation during this land use operation to a minimum of seventy percent cover unless otherwise authorized in writing by the BOARD | VEGETATE
STRIPPED AREA |
| 13.4 | The Permittee shall apply grass seed and fertilizer to areas designated, in writing, by the Land Use Inspector | REPLANT
DESIGNATED
AREA |

31 (1) (m) - MATTERS NOT INCONSISTENT WITH THE REGULATIONS

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| 14.1 | The Permittee shall display a copy of this Permit in a conspicuous place in each campsite established to carry out this land use operation. | DISPLAY
PERMIT |
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- 14.2 The Permittee shall keep on hand, at all times during this land use operation, a copy of the Land Use Permit. **COPY OF PERMIT**
- 14.3 The Permittee shall provide in writing to the Engineer, at least forty-eight (48) hours prior to commencement of this land use operation, the following information: **IDENTIFY AGENT**
- (a) person, or persons, in charge of the field operation to whom notices, orders, and reports may be served;
 - (b) alternates;
 - (c) all the indirect methods for contacting the above person(s).
- 14.4 The Permittee shall conspicuously display the Land Use Permit number on all vehicles and equipment. **DISPLAY PERMIT NUMBER**
- 14.5 The Permittee shall, while preparing the access road, make every effort to avoid covering or destroying traps or snares that may be found along these routes. **TRAPS PROTECTION**
- 14.6 The Permittee shall restore any trails used by trappers or hunters along access routes by slashing any and all trees that may fall across these paths or trails and by removing any other obstructions such as snow piles or debris that may be pushed across the trails. **TRAILS RESTORATION**
- 14.7 **PART 1 - In this Permit:**
- "sump" means a man-made pit, trench hollow or cavity in the earth's surface used for the purpose of depositing waste material therein.
- "drill waste" means all materials or chemicals, solid or liquid, associated with the drilling of bore holes and includes bore hole cuttings.
- "dogleg" means clearing a line, trail or right-of-way that is curved sufficiently so that no part of the clearing beyond the curve is visible when approached from either direction.
- 14.8 The Permittee shall submit to the BOARD a contingency plan, for chemical and petroleum spills, for use during the construction and operation of the winter road. **CONTINGENCY PLAN**