

This case was written by Katherine Beaty Chiste and Gabriele Ferrazzi for the purpose of entering the 1991 Aboriginal Management Case Writing Competition.

TITLE: CORAL HARBOUR, N.W.T.

In August of 1986, Raymond Ningeocheak, mayor of the Hamlet of Coral Harbour, Northwest Territories, had learned that a company called Sogepet Limited was seeking federal approval to undertake oil and gas exploration in the Hudson Bay waters immediate south of the community. The area of interest of Sogepet had been under an exploration moratorium since 1971, but Raymond had heard about Sogepet's intentions from one of his colleagues on the Inuit Tapirisat of Canada. The company had not communicated directly with Coral Harbour leadership, but it had made known to both the federal government and the Inuit Tapirisat its willingness to enter into a joint venture agreement for exploration. Even though he didn't know anything "officially," Raymond had to begin thinking about consequences of either rejecting or accepting collaboration with Sogepet.

Coral Harbour

Coral Harbour, or Sudliq as it is known to the Inuit, is located at the head of South Bay on Southampton Island in Hudson Bay and is one of the seven major communities comprising the Keewatin region (Exhibit 1). Organized as a hamlet in 1972, the community of around 460 people is mostly Inuit, the exceptions being about twenty whites and a handful of Métis. The white residents generally work in administrative and teaching positions in the public services put in place largely over the last decade (see Coral Harbour: Community - Profile).

Although the community is "traditional" by northern standards, trapping and hunting have declined drastically over the last twenty years. These activities represent a minor cash generator but a significant local food supply, as well as having cultural significance. However, about 90% of the revenue inflows into the community are composed of government transfers.

Political power in Coral Harbour is largely determined by the hamlet status obtained in the 1970s. Raymond Ningeocheak, as mayor acts as the community's representative to the outside world. Municipal decisions are made by the hamlet's council made up of the mayor and seven councillors. However, power is diffused throughout the community by other locally elected bodies. The Hunters and Trapper Association is influential in matters relating to the use and management of renewable resources. The local Education Authority has a similar influence in educational matters. However, the power of the hamlet and its community organizations is severely circumscribed by territorial and federal government departments. The isolation of the community from regional and central loci of power has led to a sense of excessive (although remote) government imposition on local affairs. The fragmentation and lack of coordination between

government levels and departments adds further to feelings of alienation on the part of the community.

The Inuit residents of Coral Harbour have additional forums for furthering their interests: representation in both the Inuit Tapirist of Canada (ITC) and the Tungavik Federation of Nunavut (TFN). The ITC is an umbrella organization for all Inuit residents of Canada; the TFN is the eastern Arctic Inuit body entrusted with pursuing land claims negotiations that are expected to culminate in the creation of Nunavut--a new territory in the negotiations Raymond was a board member of the TFN and tried to funnel local concerns to the Board as well as disseminate information on the long and arduous negotiation process back to his own people.

Raymond Nineocheak

Raymond had been elected to the office of mayor in 1986, after having served as deputy mayor for two years. In his late forties, he could be considered a traditional community member in that he participated in land-based activities and was much more comfortable speaking Inuktituk than English. His office and membership in Inuit organizations took him out of Coral Harbour on a frequent basis; still, he made it a point to take part in community hunts for caribou and walrus and go on the community's spring camp with his wife and four children at home.

With the help of his two sons, Raymond organized nature boat tours in late August if there were any tourists interested. The tours covered the offshore islands, particularly walrus haul-out locations, murre colonies, and caribou and polar bear sighting areas. He hoped someday to turn the boat tours into a profitable activity. Raymond also operated a truck rental business. Government workers such as contractors or inspectors often rented one of his two trucks if they needed to travel out of the community of haul tools and parts within Coral Harbour. Finally, Raymond hoped to open a small fast food shop in the community center to "make jobs for my children and to make a place for kids to go so they stay out of trouble."¹ With the decline in traditional pursuits, boredom among youth was a growing concern in the community and there were few opportunities for entertainment and other youth activities.

Raymond was active in many organizations. At the local level he was a member of the Chamber of Commerce, a small organization that was encouraged and assisted by the territorial economic development department. At the regional level he participated in the Keewatin Regional Council, a body representing Keewatin municipalities. Raymond had long been involved at the national level too, playing an important role as a board member of the Inuit Tapirisat. He represented the ITC on the board of the Tungavik Federation of Nunavut.

The process of land claims negotiations was very important to Raymond. He was concerned about the future of his constituents, remarking often that he wished to see them

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"keep spealdng inuktitut and do the things Inuit people used to do." By gaining more control over land and resources and a measure of political autonomy, Raymond believed that it would be possible to reverse the cultural erosion that was plainly occurring in the community and in the proposed Nunavut territory. At the same time, Raymond was aware of the need to generate jobs and increase the educational opportunities for residents so as to enable them to cope with the changes that were coming to Coral Harbour.

Economic Development

Economic Situation

As was true of many northern Inuit communities, the dominant commercial enterprise Coral Harbour was the general retail merchandiser-The Bay. The locally controlled competitor, the Katudegevik Cooperative, sought to provide a broader range of services but was struggling with inefficient management. Other important businesses operating in Coral Harbour were owned by outside interests (such as airlines and construction companies). Small businesses owned and operated by local residents were just beginning to emerge (Exhibit 2), accommodation and outfitting primarily. Private sector employment in Coral Harbour accounted for about 23% of the total.

The economy of Coral Harbour was heavily dependent on government transfers, which provided about 90% of all community income. The average income per capita was around \$6,000, but this did not take into account country food obtained by hunting or trapping, thought to comprise nearly half of the food intake of Inuit residents. Unemployment over the last few years had remained rather stable and high; in 1986, 36% of the labour force (with a participation rate of 74%) was unemployed and 19% was underemployed. In any given month between 130 and 170 people relied on welfare payments. Residents of Harbour considered employment and income issues a high priority, lack of jobs was deemed to be the most pressing problem by respondents to a 1986 survey (Exhibit 3).

Economic Development Planning and Assistance

Entrepreneurial interest among Coral Harbour residents was growing. The federal Department of Economic Development and Tourism (DEDT) had encouraged the formation of a local chamber of commerce and assisted entrepreneurs with advice and funding, DEDT evaluated proposals for its own funds and acted as mentor and/or conduit for requests going to other funders. The Department had placed a development officer in Coral Harbour, as a departmental employee, in the summer of 1986. Before that, Coral Harbour had been served by DEDT officers based in other Keewatin communities.

Very few businesses could be started in the Northwest Territories without some governmental assistance. Government funding and financing came from several programs notably a special ARDA agreement (Agriculture and Rural Development Agreement) between the Department of Regional Industrial Expansion (DRIE) and the Northwest Territories' Department of Economic Development and Tourism (\$5.7 Million

for all territorial residents), in addition to DRIE's Native Economic Development Program (\$345 million over five years for all Aboriginal people).

In the spring of 1986, Coral Harbour obtained the services of an economic planner, Mike Lewis, through one-time funding from DEDT's Economic Development Agreement. The planner was to develop a medium to long-term economic development strategy for the community. However, Mike had no previous experience in the Canadian far north, and spent his first few months in Coral Harbour trying to get a grip on the local economy and community aspirations. Although little formal planning had been done by summertime, NUe was even less certain that any substantial planning and implementation would follow his departure unless the concept of planning--and resources to support it--were put in place at the hamlet council level. To help the community begin this process, Mike initiated an economic development subcommittee of Council to assist in data collection, data analysis, and plan formulation.

Economic Potential

An economic development plan for Coral Harbour had yet to be fleshed out by August 1986. However, Mike had collected some baseline data on renewable resources that he hoped could be used to determine potential benefits to be derived (Exhibit 4). In addition, he had compiled a preliminary list and description of potential employment and income yielding activities. Even if all of the opportunities for employment (non-renewable resource exploration and exploitation excluded) were successfully pursued over the next five years, Mike believed that the unemployment level in Coral Harbour would still be more than 30%.

In doubt was the community's ability to surmount the financing and human resources upgrading hurdles that stood in the way of realizing these opportunities.

Tourism

Tourist activities in the Keewatin region were marketed out of Rankin Inlet and funded by DEDT; the Rankin office occasionally contracted with Coral Harbour residents to take tourists sport fishing or hunting. Mike estimated that apart from the Rankin contracts, utilization of tourism potential would yield 10 seasonal jobs and \$200,000 in revenue.

Activities for tourists might include nature boat tours to the Northern Islands area; overland spring tours to wildlife areas to the north and east of Southampton Island; dog-team tours in the immediate vicinity of Coral Harbour; development of an historical site where the original Island people of the Thule and Dorset cultures lived; and construction of a museum and tourist centre in Coral Harbour itself. Mike's estimate was that all these activities would require an initial investment of about \$250,000.

Arts and Crafts

Coral Harbour artisans produced a number of arts and crafts products, including carvings made from antlers, whalebones, and walrus tusks. Mike thought that better use of the existing Canadian Arctic Producers system and other distribution systems could increase production of goods from the current \$25,000 (value paid to producers) to perhaps \$150,000, creating the equivalent of eight full-time positions. Such a drastic change in income would require equally drastic changes in production scale and methods as well as modest investments in modern tools and a common work area. However, the inclination of present craftsmen to change their methods of production was undetermined.

Char Fishing

In 1986, Tooma and Leonard Netser, partners in Southampton Island Fishery, had received \$103,000 from the special ARDA to purchase a fishing boat, a conduit-weir fish trap, and other harvesting and processing equipment; their harvest was to be sold to the federal Fish Marketing Board in Winnipeg. The partners estimated they would create two full-time and four seasonal jobs in harvesting the char resources at the north end of Southampton Island.

Small Business Development

By July 1986, Mike had identified several opportunities worth investigating. These involved both formalizing existing activities and creating new businesses. The possibilities considered included housing construction, a mini-bakery, a freight service, a lumber-hardware supply operation, a hairdressing shop, a repair shop, an interpretation/translation service, bookkeeping and secretarial services, a sporting goods store, a taxi service, and a greenhouse. Mike realized that not all of these would likely prove feasible and several might require combined ownership and operation. He made no detailed projections for these possibilities, but a rough estimate placed the investment requirement at close to \$1 million with an employment yield of about 20 full-time job equivalents.

Oil and Gas Exploration and Exploitation

The exploration industry also held some promise of employment for local residents. In 1985, Canterra Energy Ltd. had signed an employment contract with Nunasi Corporation, the Inuit commercial development arm based in Ottawa. Nunasi had hired 20 people from various Hudson Bay Inuit communities. The employees received training in offshore survival and some in "Nautical Level I." They then were placed as deckhands, cabin attendants, sample catchers, and wildlife observers on the various Canteffa ships operating in the Bay for the summer period. Jimmy Ningeocheak, one of Raymond's sons, was one of the Inuit hired as a deckhand.'

Employment in this industry, though difficult to predict, could be substantial if the exploration led to significant hydrocarbon discoveries. Some Coral Harbour residents were aware that the Dene and Metis of the Northwest Territories had entered into a joint venture agreement with Esso only a few years earlier to exploit the resources in the

Norman Wells area; the agreement had ensured that Natives held many of the jobs. Beyond employment for local residents, profit sharing in this kind of venture could yield much needed capital to jump-start other commercial activities.

Oil and Gas Exploration

Oil and gas exploration in Hudson Bay had begun in the late 1960s, with several companies staking out exploratory permit areas, often through exploration consortia. Compared to oil and gas exploration in other parts of Canada's offshore, expenditures in Hudson Bay had been small (see Coral Harbour N.W.T: Note on Oil and Gas Exploration, for more detail). After a lull in activity in the late 1970s, the industry began to renew its interest in the area. Sogepet Ltd., although unknown to residents of Coral Harbour, was a significant player in terms of permit area size in the Bay.

Sogepet, which was based in Ontario, had obtained exploration permits around Southampton Island in the late 1960s (Exhibit 5). In 1971 the federal government, under pressure from Inuit leaders (particularly community leaders from Coral Harbour) declared a moratorium on exploration in the vicinity of Southampton Island and Coats Island 9th Northern Islands Area) for environmental reasons. At that time exploration in Hudson Bay had barely begun, and the moratorium was a small part of the total area covered by exploration permits.

The perspective of Coral Harbour residents on the prospect of drilling in the Bay had been developing over the years. Their concern was for more than just their immediate offshore--they were worried about the implications for the entire Hudson Bay. In the spring of 1974, the secretary manager of Coral Harbour wrote to Donald MacDonald, then Minister of Energy, Mines and Resources, expressing concern over the exploratory drilling program in Hudson Bay. Citing the case of Aquitaine's 1969 accident, (in which a well had to be abandoned uncapped for several years after a storm hit the drill platform), the secretary manager asked:

Does the federal Government, which has given approval in principle, have full information on the effects of an oil spill on the coastline and animals of Hudson Bay?

Does Aquitaine know exactly what problems may be encountered in drilling operations this year and can they guarantee that no accident, similar to that at Walrus Hole in 1969, could occur?

If an incident does occur, can the federal Government guarantee that an oil spill (or blowout) can be handled without environmental damage?

Is there a second rig available in the Hudson Bay which can plug a blowout hole if damage occurred to the first rig, or would an

oil blowout continue all winter until the hole could be plugged after breakup?'

The Minister's reply sought to reassure the community. His letter read in part:

In response to your specific questions, my officials assure me that, as with all proposed drilling programming, the Aquitaine programme has been carefully examined and assessed to ensure that the risk of accident is minimized. An environmental assessment has been made, including a catalogue of all the species of wildlife. It is interesting to note that a large area in the center of the Bay, in the area where the drilling is to be carried out, is classified by some biologists as a biological marine desert. It is also estimated that, even under the worst conditions, it would take over a month for any oil spilled at the proposed drilling locations to reach the nearest shore. This means that the necessary clean up operations could be initiated and be in full operation long before the oil got close to the coast... With reference to your comments about the accident involving the Wah-us well, this was really more in the nature of a mechanical failure than an accident. Although it cost the operator a great deal of money and necessitated the termination of the operation it did not involve injury to personnel or the spilling of any oil.

In 1982, the attention of Coral Harbour residents shifted back to their immediate offshore. Sogepet Ltd. and Intercity Gas had applied jointly for permission to resume offshore seismic exploration in the area under moratorium. The mayor of Coral Harbour (at that time Lucassie Nakoolak) urged the recently formed, Inuit-dominated Hudson Bay Oil and Gas Committee to advocate federal rejection of this application, and the Committee passed a resolution to this effect. A copy of the resolution was sent to the Canadian Oil and Gas Lands Administration (Exhibit 6), which responded with an assurance that exploration would not begin immediately and that the impact would not be "unacceptable" (Exhibit 7).

No federal government or industry action ensued after the 1982 exchange. However, in 1985, Raymond Ningeocheak, then Coral Harbour's deputy mayor, began to get the impression that once again industry was pressuring the federal government to end the moratorium. He shared his suspicions with Hamlet Council, and enlisted Lucassie's support in an effort to prevent any exploration efforts.' A public meeting was held by the Council to discuss how the islands could be protected from oil and gas exploration. At the meeting Lucassie impressed on his fellow residents the need for the community to take a stand:

This is a very important subject and decisions will have to be made which will affect us greatly in our future, for we use the sea as livelihood. If we do not set any goals and objectives, we will have to answer to our mistakes if we make any... There will be times that

some people will do anything to make some money no matter what the cost, so in order to protect ourselves we have to make important decisions.

Lucassie had already decided to travel to Ottawa and seek more information about the intentions of the federal government. Information at the local level was scant and rumours circulated frequently. Lucassie raised one of them at the meeting: "There had also been talk going on that the Hudson Bay area will be considered as a Like instead of a sea," but neither the source nor the implication of this rumour were very clear. The residents of Coral Harbour were interested in the public meeting, but they had some reservations about the process. Peter Nokoolak, for example, asked the question, "Do the meetings really have any meaning at all? The exploration will be going ahead anyway in the Hudson Bay. Can we stop them if we tried?"

Sogepet Limited

Incorporated in 1962, Sogepet's head office was located in Toronto, Ontario. The company was controlled by Consumer's Gas Company Ltd. by virtue of a 45.1% interest. Sogepet shed some revenue properties in 1979, leaving it purely an exploration company. Its total capitalization in 1986 was just over \$3 million, with about \$3m shares outstanding. Its shares were traded on the Toronto stock exchange - the high having reached \$2.65 in 1980 and thereafter settling at the \$1 level.

Sogepet's operations consisted solely of exploration activities in the Hudson Bay region, where it held prospective oil and gas acreage both on and offshore. Its central Offshore Project covered 22,911, 238 hectares, with Sogepet holding a 45% interest. It had farmed out part interests to Exploration SOQUIP, Canterra Energy, and the ICG Joint Venture Group. The Nfid Bay Project covered 429,186 hectares, with Sogepet holding 48.36% interest. Farm-out agreements were made in this area with Consumer Gas Co., Canterra Energy, and Trillium Joint Venture Group. The Northern Islands Project (next to Coral Harbour) comprised 1,409,635 hectares with Sogepet holding a 75% interest and ICG Resources holding rest.

Sogepet Proposal

A leading player in oil and gas exploration in Hudson Bay, Sogepet had maintained its interest and activity in the Bay throughout the 1970s and early 1980s. Sogepet, in association with other firms, held exploration lands in several sectors of the Bay. As exploration had yielded few positive results in other sectors, Sogepet had most recently turned to the Northern Islands area, in which it held dormant permits, and began to discuss the resumption of exploration there with federal regulatory authorities. The company also compiled a brief summary of its proposal for dissemination to Inuit organizations in order to gain their cooperation.

A notable feature of the Sogepet proposal was its willingness to secure cooperation of Native persons, "including their joint venture participation if they so wish. Joint

participation would include some provision for Native persons' proprietary rights in any hydrocarbon reserves developed" (Exhibit 8). Although Sogepet had communicated its intentions to the Inuit leadership, the company ultimately addressed itself to the federal government – which had the sole authority to issue or to deny an exploratory permit.

Raymond's Decision

It was Raymond's personal belief that any resource development in the community should be guided by the overall principles of land claims settlements. He also recognized the lure of employment and commercial spin-offs offered by resource development in Coral Harbour, given its current social and economic situation. He felt, however, that most residents were sufficiently concerned about the environmental impact of oil and gas exploration and reserve exploitation that the majority would support him in seeking to block Sogepet's permit application.

But Raymond was far from sure about Coral Harbour's ability to impress on the federal government the need to maintain the moratorium. Only a few months earlier, the government had entered into an exploration agreement in the Lancaster Sound area over the objection of the local Inuit. If Coral Harbour sought to hinder Sogepet's permit proposal and was unsuccessful, he did not know if the company would continue to extend its offer of joint venture participation. Whether the community ultimately opted for cooperation in or rejection of the project, Raymond still had to determine ways of communicating his rationale and intentions to Coral Harbour residents; he wanted to gain their input and support in forging a coherent and effective response.

NAME	TYPE
The Hudson's Bay Company	General merchandising
Katudgevik Cooperative	General merchandising; hotel
Coral Harbour Gravel Haul distribution	Gravel hauling; fuel products
Leonie's Place	Hotel; arts and crafts retail
Raymond's Truck Rental	Truck rental
J&E Enterprises	Canteen shop
Sudliq Coffee Shop	Coffee shop
Southampton Hardware and Sporting retail/heavy	Hardware and sporting goods;
Goods	equipment rental
Ningeocheak & Sons Outfitting	Boat tours
Paniyuk's T@	Overland
Northern Canada Power Commission	Power generation/distribution
Bell Canada	Agent
First Air	Agent
Calm Air	Agent

Exhibit 3
Coral Harbour Survey Responses to “Pressing Problems”

Q: What are the most pressing problems in Coral Harbour?

Ten most frequent responses:

Lack of jobs/unemployment	43
Lack of training/skills	13
Lack of education/Literacy/high drop-out rate	12
Nothing to do/lack of recreation facilities	12
Housing is small/not enough houses/houses in bad condition.	9
Whites and Inuit don't mix	6
High cost of living	5
Dusty roads	5
Lack of business opportunities	5
Most well-paying jobs held by non-Inuit	3

Source: Coral Harbour Community Survey. Coral Harbour Economic Development Plan.

Prepared for the Hamlet Council of Coral Harbour, April 1987.

Exhibit 4

Renewable Resources Baseline Data

Polar Bear

The allowable harvest for polar bears was set at 65 per year. For the first time in its history, the Coral Harbour Hunters and Trappers Association had decided to allow five tags to be given to outside sporthunters. If the hunts went well and the community members wished, additional tags would be allocated in future years.

Local residents estimated that about 300 pounds of meat were obtained for human and canine consumption from the average bear carcass. One bear's gall bladder yielded \$65 currently if sold to intermediaries in the Eastern trade (for traditional Asian medicine). A mature skin was worth about \$800, while the teeth could be sold for \$10/set (for carving or charms).

Sport hunters were expected to leave close to \$11,000 apiece in the community when the price of the tag, accommodation, and other services were included.

Beluga Whale

The traditional beluga whale catch was 50 whales per year for the entire community. Several hundred pounds of dog meat were recovered from a carcass, as well as about 66 pounds of the Inuit delicacy muktuk (whale sldn). Two thirds of the muktuk was consumed locally and the rest sold in inter-community trade for \$2/lb.

Walrus

Each year the community could hunt up to 60 walrus. Around 400 pounds of meat was obtained from each carcass, about half of which was used as dog food. Usually about 2000 lbs. in total were sold to other communities at \$2/lb. Moreover, each walrus provided a pair of tusks which weighed on average 3 lbs. and could be sold for \$27/lb. at the Bay or the Coop. The economic planner estimated that about 90 pounds of tusk were used yearly in the community for commercial carving, involving about \$30/lb. of added value. Walrus teeth carving added about \$40 per walrus.

The Hunters and Trappers Association was seeking approval for allocation of five walrus tags for sport hunting. It was estimated that about \$5,000 per tag would flow in the community.

Arctic Char

The annual catch for domestic consumption was not regulated, but hovered around 5,000 lbs. annually for the community. A cap of 2,000 lbs. was set for commercial distribution within the hamlet, with prices averaging \$1.20/lb. A commercial fishery venture for the Island as a whole had just been initiated, with the catch destined for southern markets--set at 25,000 lbs. for the first year. If the venture was successful and if fish stocks were sufficient this cap would be raised in future years. The commercial sale of fish was controlled by a federal marketing agency; 1986 prices to the fishermen averaging \$2/lb.

Seals

The number of seals hunted had lessened dramatically over the last decade due to reduced pelt prices. Around 1000 seals were caught annually, yielding 50 pound per carcass, with the meat used both for human and canine consumption. The pelts were presently being sold for \$14 each on average.

Clams

The yearly clam collection on the shores adjacent to the community resulted in a yield of 20 pounds of clams per family (there were about 50 families in the community).

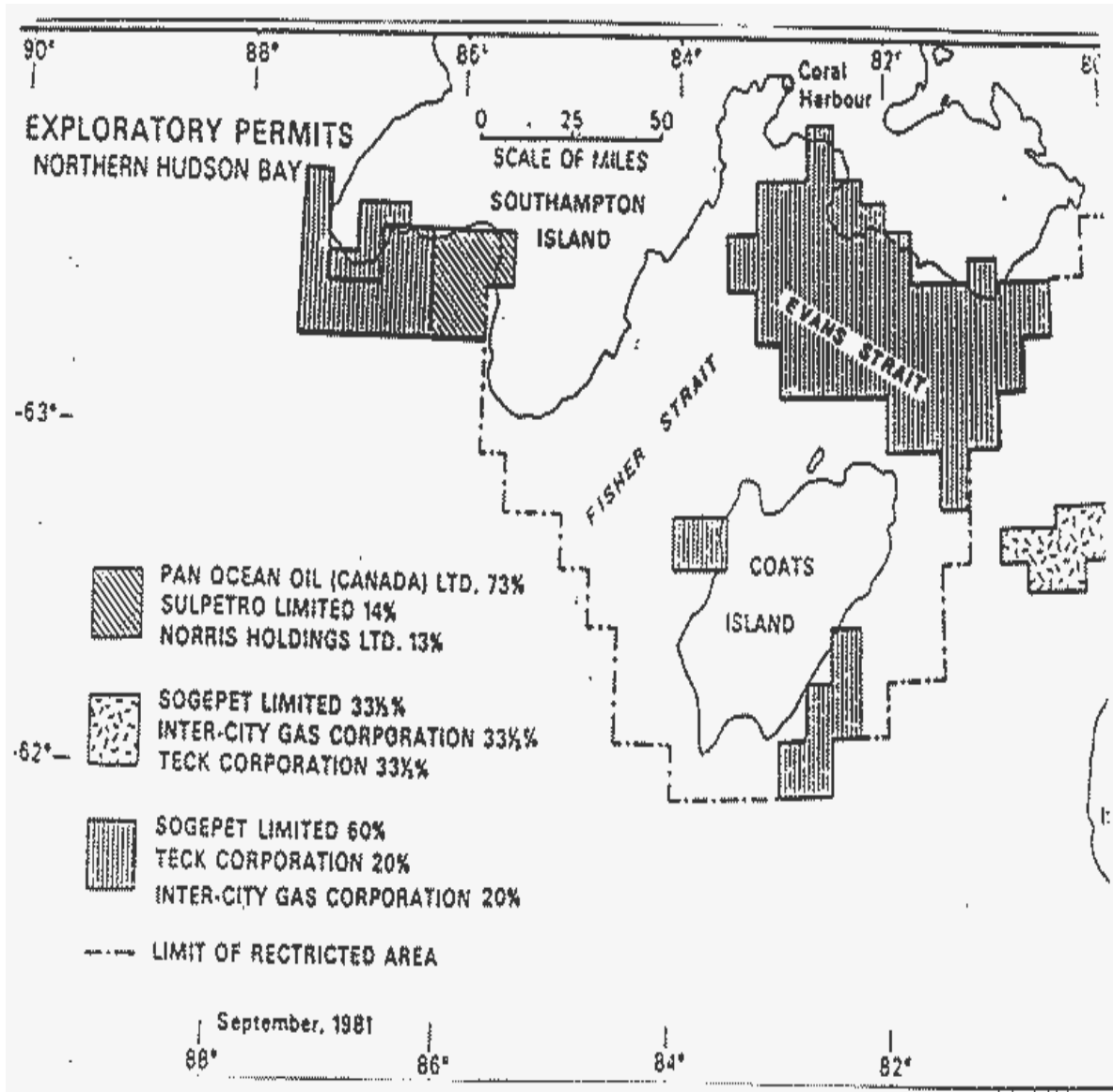
Sport Fishing

A preliminary feasibility study for sport fishing had suggested that 4 groups of 5 people each could be guided on a yearly basis in the northeast of the Island. A revenue inflow into the community of \$1,000 per fisherman was anticipated.

Nature Tours

Boat and land tours on the nearby islands (Coats Island, Walrus Island, and Bencas Island) were in the trial stage. Wildlife to be viewed included walrus, polar bear, beluga whale, seals, and murre. The short summer season would only allow for 5 groups of 12 tourists per season. Each tourist was expected to infuse \$1,000 in the local economy.

Note: The cost of meat imported into the community varied between \$3 and \$7/lb.



**Exhibit 6
Resolution sent by HBOGC to COGLA Regarding Exploration**

Hudson Bay Oil and Gas Committee – July 1982 – Frobisher Bay (copy of telex)

Resolution regarding seismic exploration in the vicinity of Southampton Island, N.W.T:

Whereas Intercity Gas and Sogepet Ltd. have applied to the federal government for permission to resume offshore seismic exploration in the vicinity of Southampton and Coats Island:

Whereas the federal Government had earlier declared a moratorium for environmental reasons on seismic exploration in the vicinity of Southampton and Coats Islands:

Whereas the proposed seismic program of Intercity Gas and Sogepet Ltd. involves those areas presently under the federal government's exploration moratorium and will, it is feared, seriously affect the walrus and other marine life harvested by Inuit from Coral Harbour:

Therefore be it resolved that the Southampton Island exploration moratorium remain in effect in order to maintain protection for the marine harvested by Coral Harbour residents:

And further be it resolved that the federal government conduct a full and public review of the seismic moratorium (including the results of seismic impact studies that have been undertaken) prior to making any significant decisions on seismic proposals in this area.

Carried unanimously, July 1982.

Exhibit 7

Cogla reply to HBOGC Resolutions Regarding Exploration (copy of telex)

RE: Hudson Bay Oil and Gas Advisory Committee

Thank you for your telex of August 20 concerning the two resolutions passed by the Inuit at the first committee meeting in the vicinity of Coral Harbour, Southampton Island. Intercity Gas and Sogepet have indeed applied for approval to conduct a seismic survey in that area immediately following completion of the survey presently underway by Canadian Occidental in Central Hudson Bay. There are no plans to approve the proposal at this time. When the moratorium on exploration was imposed more than a decade ago, the only suitable seismic energy source was chemical explosives. That would no longer be the case today due to technical developments in the geophysical field over the intervening years. We would wish however, to review the present state of knowledge and undertake such studies as might be necessary to ensure ourselves that there would be no essential harm when seismic exploration is conducted relatively close to hauling out areas. The second resolution concerns the seismic survey being carried out in central Hudson Bay by Canadian Occidental using low-energy air guns. All precautions are being taken to ensure that the vessel will not interfere with marine mammals or any other animals upon which the Inuit communities may depend in part for their livelihood. Also, the guidelines issued by the Department of Fisheries and Oceans to control this type of activity will be strictly adhered to further this, COGIA requested a observer on board the vessel. We have discussed with the company its potential need to conduct seismic beyond the exploration agreement area and are satisfied that this would only take place if

it were essential for geological purposes. We are also confident that such seismic undertaken according to these guidelines would not have unacceptable impact.

M.E. Taschreau
Administrator
COGLA

Exhibit 8

Sogepret Exploation Proposal Summary

TO WHOM IT MAY CONCERN

INTRODUCTION

In the early 1960's the above company pioneered and continues to be importantly involved in practically all oil/gas exploration programs in the Hudson Say region, both north and south of the 60th parallel of latitude.

The author of this summary presentation served this company for most of the period since its formation as a senior exploration geologist and the corporate president.

Although this Company with its associates retains through past work performance exploration lands in several sectors of the Hudson Say offshore, this presentation will address itself to just one sector of Hudson Say -- that of the Northern Islands area.

HISTORY, NORTHERN ISLANDS GROUP

These lands are the residual permits retained from 1968. the date of issuance. See map attached. These lands have been under Variation Order (a work moratorium) since December 1971-. , They were viewed as valid Existing Permits under Clause 63(i) of the Canada Oil and Gas Act, (COGLA) 1981, and accordingly, under Clauses 63(1) and 63(3) negotiations were commenced for an Exploration Agreement with COGLA

EXPLORATION POTENTIAL

The Northern Islands area has been subjected to relatively little onshore and offshore exploration activity to date, mainly conducted by this company. Our work was supplemented by important research by the various Federal Government scientific agencies. The relatively meager amount of work done suggests that the area is well deserving of more hydrocarbon exploratory effort.

PROPOSAL

This company would like, with its associates, to participate in the continuance of exploration of this area.

To that end it proposes:

(a) to secure the co-operation of the native persons of the area, including their joint venture participation in the program if they so wish. Joint participation would include some provision for native persons proprietary rights in any hydrocarbon reserve developed.

(b) to enlist in program planning and throughout program implementation the services of professional environmentalists, towards a better assessment of the environmental risks and reasonable safe-guards

(c) to secure from the responsible Federal authorities a practical Exploration Agreement, possibly in a five-year time-frame, that would lead to drill testing of any structures deemed favourable, all toward earning of a production lease.