



**CANADIAN
PARKS AND
WILDERNESS
SOCIETY**

YUKON CHAPTER

March 29, 2004

CPAWS-YUKON COALBED METHANE UPDATE

Concerned that the Yukon Government is trying to make the Yukon wide open to coalbed methane development, without any public consultation or environmental regulations, CPAWS-Yukon has called on the Yukon Government to declare a moratorium on coalbed methane to allow for full public disclosure on industry practices. This request reflects the urgent concerns of several other jurisdictions and communities in western North America.

Due to the potential for very significant and widespread environmental impacts from coalbed methane development, exploration should not proceed until First Nations governments have consented to coalbed methane development in their traditional territories, mandated boards and councils have been consulted and their concerns have been addressed and land use plans in affected regions are finalized.

CPAWS has also urged the government to live up to its protected areas commitments; complete a cumulative effects study of the impacts of the industry on Yukon's environment, and; develop a comprehensive legal and regulatory regime to govern this new, proposed industry.

Fernie City Council Calls for Moratorium on Coalbed Methane Development

Concerned with the threat of large scale coalbed methane development in south-eastern British Columbia, the City of Fernie, BC has taken action. In doing so, the City joins a growing chorus of voices calling for a moratorium on coalbed methane development in Western North America.

On March 17, 2004 Fernie City Council passed the resolution below unanimously:

"Be it resolved that: That the government of British Columbia defer any auction of Coalbed methane tenures for the Crowsnest Coalfield until completion of a comprehensive assessment of the potential impacts of large-scale gas exploration and production on the environment, economy and human community of the Elk Valley."

Fernie Joins Other Communities

The City of Fernie joins the ranks of other governments and organizations calling for a halt to further coalbed methane development in B.C. These include:

- Comox Strathcona Regional District, British Columbia, June 2003
- Union of BC Municipalities, September 2003

These three have each passed resolutions expressing their concern with the negative impacts associated with coalbed methane development.

They are not alone. Our neighbours in Alaska have actually passed a moratorium on further coalbed methane development.

State of Alaska Declares Moratorium on Coalbed Methane Development

In response to community concern in the Anchorage and Cook Inlet region, the Government of Alaska under Governor Frank Murkowski, announced a moratorium on issuance of further coalbed methane leases. According to an Anchorage Daily News story published on October 14, 2003:

“For weeks, many Mat-Su residents have clamored for a say in the state's regulation of coal bed methane drilling and begged for a moratorium on gas leases in the absence of specific safeguards. This week, they essentially got both.”

President of BC Coalbed Methane Company Admits to Securities Law Violations, Including Making False and Misleading Statements to Investors

Coalbed methane developers in British Columbia suffered a blow when a high profile proponent of coalbed methane in the province was recently found in violation of the British Columbia Securities Commission (BCSC). According to a BCSC news release issued on March 18, 2004, Neil Russel Swift, the president and a director of Priority Ventures Ltd., a company seeking to develop coalbed methane in the Comox-Strathcona Regional District, admitted to a host of securities law violations, including making false and misleading statements to investors.

As well, the coalbed methane company president also violated securities law by issuing “false and misleading news releases about its gas and coal resources.” He also “failed to file insider reports for 149 transactions, buying and selling that represented about 5.5 per cent of the trading activity in Priority's stock.”

Sources:

Fernie City Council Calls for Moratorium on Coalbed Methane Development

Response to CPAWS-Yukon email request by: methane@city.fernien.bc.ca

City Council of Fernie, on March 17, passed the resolution below, unanimously.

"Be it resolved that:

That the government of British Columbia defer any auction of Coalbed methane tenures for the Crowsnest Coalfield until completion of a comprehensive assessment of the potential impacts of large-scale gas exploration and production on the environment, economy and human community of the Elk Valley."

More information is to be found at www.city.fernien.bc.ca/methane/methane.htm

Comox-Strathcona resolution for a moratorium on coalbed methane development

From “Minutes of the meeting of the Board of the Regional District of Comox-Strathcona held on Monday, June 30, 2003 in the Boardroom of the Regional District offices located at 550 Comox Road, Courtenay, B.C. commencing at 10:30 a.m.:

http://www.rdc.bc.ca/RDboard/Minutes/2003/RDminutes_June_2003.pdf

WHEREAS the Province of British Columbia is promoting the exploration and development of coalbed methane and has implemented a number of legislative and monetary incentives and has sold more than \$50 million in drilling rights for coalbed methane projects;

AND WHEREAS coalbed methane development has high risks, especially regarding impacts on groundwater and the quality of disposed water from its processes;

AND WHEREAS local communities, including their local governments, First Nations, and potentially affected landowners have not been adequately informed or consulted about the effects of coal bed methane production;

AND WHEREAS the Provincial Government has not completed baseline studies in the watersheds nor has it put in place adequate policies, procedures, regulations, and enforcement tools to protect communities from potential harm;

THEREFORE BE IT RESOLVED THAT the Union of B.C.

Municipalities request that the Provincial Government issue no further drilling licences, tenures, or other permits for coalbed methane exploration and development until local communities, their local governments, and First Nations are consulted and their concerns are fully considered, and until adequate policies, regulations, and guidelines are enacted to ensure the safe development of coalbed methane in the Province of British Columbia.

Union of BC Municipalities resolution, coalbed methane development moratorium

From: 2003 UBCM RESOLUTIONS, Excerpted from: Minutes of the One Hundredth Annual Convention of the Union of BC Municipalities held in Vancouver, B.C. on September 23, 24, 25 & 26, 2003: (<http://www.civicnet.bc.ca/files/{7DBFD688-194C-4175-8E5D-8482225E2A48}2003RESOLUTIONS.pdf>). Resolution B129 COALBED METHANE Comox-Strathcona RD used identical text to the Regional District of Comox-Strathcona resolution and for that reason was not reproduced here.

Alaska declares moratorium on coalbed methane development

From: Anchorage Daily News story, ““State announces plan for gas rules”, October 14, 2003, <http://www.adn.com/front/story/4160421p-4174376c.html>

British Columbia Securities Commission news release re: Priority Ventures Inc.
<http://www.bsc.bc.ca:8080/comdoc.nsf/allbyunid/679db651343febdd88256e5a00818e02?opendocument>
and
<http://www.bsc.bc.ca:8080/comdoc.nsf/allbyunid/18bd2026244ed3388256e5a0081c18a?opendocument>

British Columbia Securities Commission

Policy Documents

News Releases

Document No. 2004/13

Subject: Company president forced to resign

Amendments:

Published Date: 03/18/2004

Effective Date: 03/18/2004

Vancouver – In a settlement with the B.C. Securities Commission, the president of a B.C.-based oil and gas exploration company must resign after admitting to a host of securities law violations, including making false and misleading statements to investors.

Neil Russel Swift, the president and a director of Priority Ventures Ltd., a company listed on the TSX Venture Exchange, cannot be a director or officer of any issuer for at least three years.

Under the settlement agreement, Swift may only trade securities in restricted circumstances and he is banned from buying securities of companies in which he is an insider for three years. He must pay \$10,000 to the BCSC to cover costs of its investigation into his conduct.

Swift, who was responsible for Priority's public disclosure, violated the securities law when the company:

- Sold securities in late 2001 using an offering document that was false and misleading;
- Issued a technical report in late 2002 on its coal resources that was not prepared by an independent person;
- Issued shares without proper resale restrictions; and
- Issued false and misleading news releases about its gas and coal resources.

Swift also failed to file insider reports for 149 transactions, buying and selling that represented about 5.5 per cent of the trading activity in Priority's stock.

Trading in Priority's stock has been cease-traded since late 2002.

The B.C. Securities Commission is the independent provincial government agency responsible for regulating trading in securities and exchange contracts within the province. The settlement can be accessed through the commission's website www.bsc.bc.ca or by contacting Andrew Poon, Media Relations, 604-899-6880.