



# Oil SANDS Fever



## FACT SHEET

*A Matter of Scale: How many 400-tonne ore trucks can you see below? (See bottom for answer.)*

THE ENVIRONMENTAL IMPLICATIONS OF CANADA'S OIL SANDS RUSH

# Haste Makes Waste

## The need for a new oil sands *tenure* regime

### Resource extraction in Alberta's oil sands is proceeding at a feverish pace and on a massive scale.

It is exceeding the ability of regulators and land managers to understand and prevent long-term, irreversible damage to the environment. This is reinforced by the current oil sands management regime in Alberta, which separates key parts of the decision-making process and absolves government and industry of responsibility for the long-term cumulative environmental impacts of multiple projects.

The focus of this fact sheet is the oil sands tenure regime, i.e., the manner in which the Government of Alberta grants the initial rights to companies to explore for and develop oil sands.

The existing tenure regime limits the government's ability to effectively manage development since it is not informed by a land use plan, includes no credible environmental assessment and provides no opportunity for public input or comment.

Already in Alberta there are approximately 3,224 oil sands lease agreements in place, totaling

49,973 square kilometres, an area greater in size than Vancouver Island. In total 149,000 km<sup>2</sup> of boreal forest could be leased for oil sands development and transformed into an industrialized landscape. That's an area as large as the state of Florida.

The tenure regime needs to be reformed. The flawed framework is contributing to the many environmental and social challenges facing Alberta today. The Pembina Institute has prepared recommendations to reform the regime to better reflect the interests of Albertans.

**TENURE: a condition or form of right or title, under which... property is held.**

— THE CANADIAN OXFORD DICTIONARY, 1998

▲ The nine 400-tonne ore trucks shown in the photo (above) of the Suncor Millennium Mine, situated north of Fort McMurray, provide a sense of the scale of oil sands mining operations. Mines are routinely 80-metres deep and leases have been issued for operations that will devastate 3,000 km<sup>2</sup> of boreal forest.

PHOTO: DAVID DODGE, THE PEMBINA INSTITUTE

# Fever Symptoms – Oil Sands Development Out of Control

*Oil sands development, driven by the outdated tenure regime, has significant environmental and social impacts.*

- Current oil sands mines cover an area of 420 km<sup>2</sup>. Not a single hectare of land has been certified as reclaimed by the Government of Alberta.

- Approved oil sands mining operations are licensed to divert 349 million m<sup>3</sup> of water from the Athabasca River, which is equivalent to 140,000 swimming pools per year.

- Quality of life in Fort McMurray is deteriorating and, according to the local municipality, deficient in 70 out of 72 quality-of-life indicators developed by the Federation of Canadian Municipalities.

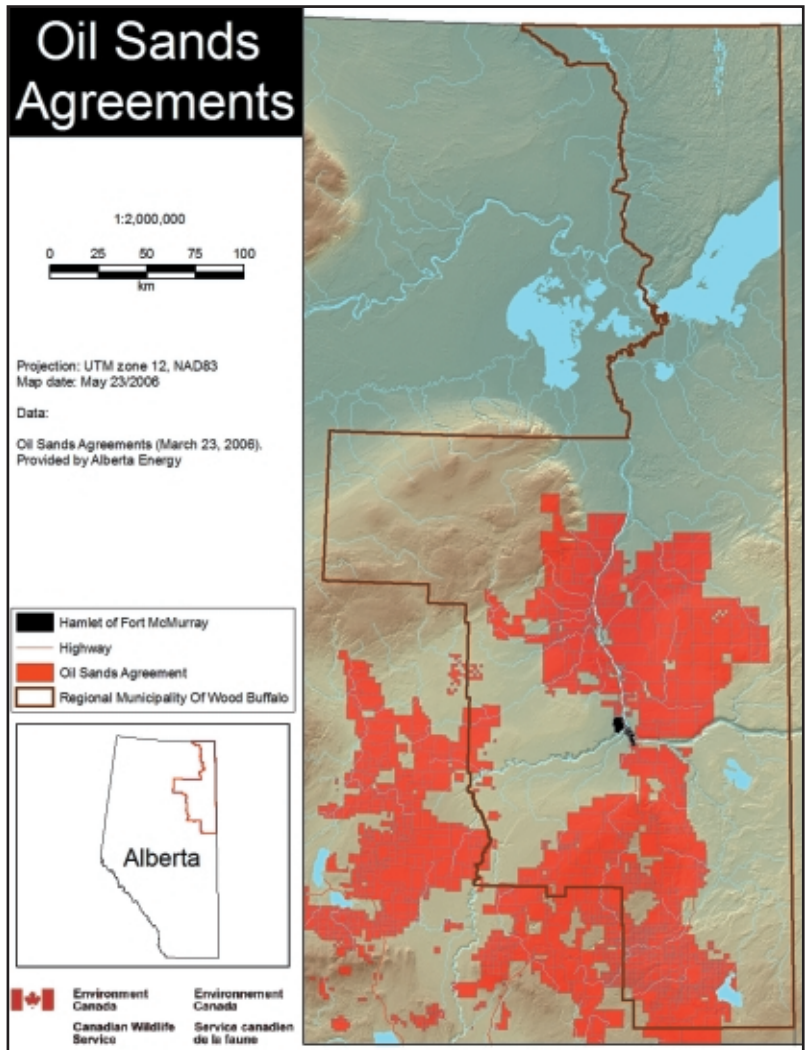
- Oil sands projects are major emitters of greenhouse gases. Annual greenhouse gas emissions from oil sands plants in 2011 are expected to be more than 80 million tonnes of CO<sub>2</sub> equivalent – a greater quantity of emissions than produced by all of Canada's passenger cars today.



▲ Oil sands operations completely alter the landscape, both physically and visually. The flare at Suncor's operation and tailings ponds are viewed from a point on Highway 63 close to the Syncrude plant.

The Athabasca River near Fort McMurray, Alberta. Operations are already licensed to divert more than 349 million cubic metres of water each year.

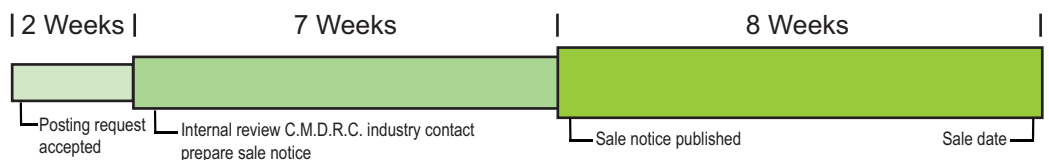
PHOTOS: DAVID DODGE, THE PEMBINA INSTITUTE



▲ About 3,224 oil sands leases have already been issued. The operations will affect 49,973 km<sup>2</sup> – an area the size of Vancouver Island. A plan to minimize the impacts is urgently needed.

SOURCE: GOVERNMENT OF CANADA 2006, IMPERIAL KEARL HEARING SUBMISSION

Example of normal posting cycle



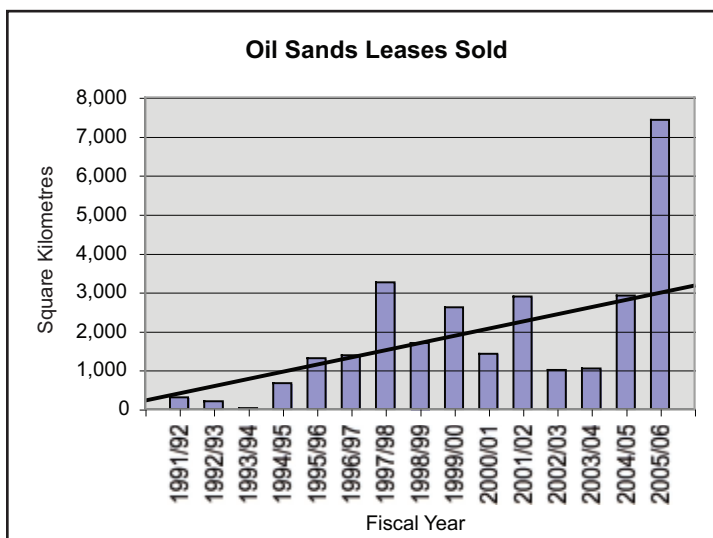
ALBERTA DEPARTMENT OF ENERGY 2005 ALBERTA OIL AND GAS TENURE



# Liquidation sales versus public profits

**The oil sands tenure regime appears remarkably efficient at stimulating development, based on a frontier model that disposes of oil sands resources as rapidly as possible, when requested by industry. This focus on rapidly allocating, rather than managing the appropriate rate of oil sands leases, is the root of many of the environmental and social challenges Alberta faces today.**

The following points summarize the problems with the oil sands tenure process:



1. Alberta Department of Energy's narrow policy objective of maximizing development and revenue.
2. No environmental objectives or land use framework in place to guide tenure decisions.
3. Failure to consider environmental impacts when granting oil sands rights.
4. Inadequate opportunity for public input on decisions to grant oil sands rights.
5. Lack of public interest consideration in decisions to grant oil sands rights.
6. A tenure regime that includes incentives and requirements that increase development pressure, impede cumulative effects management and create unnecessary environmental impacts.

◀ *Alberta is issuing oil sands leases at a rapid pace, with more than 7,000 km<sup>2</sup> of leases being issued in 2005-2006 alone. The pace of development is at the root of many of the social and environmental problems facing the region, Alberta and Canada.*

## Oil Sands Tenure 101

Approximately 3,224 oil sands lease agreements are in place covering 49,973 km<sup>2</sup> (an area larger than Vancouver Island). These leases have been assigned without consideration for the cumulative environmental impact of this development.

The vast majority of Alberta's oil and gas resources are owned by the Crown and managed by the Alberta Government on behalf of Albertans. The government grants the right to extract and produce oil sands to private companies, collecting benefits for Albertans through royalties

and taxes. In the oil sands region, the province manages 97% of mineral rights and 3% are privately owned.<sup>1</sup>

The tenure regime for oil sands development in Alberta relies on oil sands companies to request rights in a certain location. The Department of Energy then conducts an internal review to determine if the oil sands rights are available, and if so, the request is passed to the Crown Mineral Disposition Review Committee (CMDRC) for recommendations. Once the Department of Energy has decided whether to post the requested parcel

and whether there are any access restrictions, it informs the company that requested the posting. The provincial government posts a Notice of Public Offering of the rights initiating a public bidding process.<sup>2</sup> Public offerings of oil sands rights are also called land sales. However, it is not actually a sale because the ownership is still held with the province.

The public offering is listed for eight weeks. At the end of this period, the oil sands rights are leased to the highest bidder in exchange for payment.

1 Alberta Department of Energy 2006. *Alberta Oil Sands Tenure Guidelines – Chapter 1 a brief history*, p. 1-1. [http://www.energy.gov.ab.ca/docs/oilsands/pdfs/GDE\\_ost.pdf](http://www.energy.gov.ab.ca/docs/oilsands/pdfs/GDE_ost.pdf)

2 Alberta Department of Energy. 2005. *Alberta's Oil and Gas Tenure Brochure*, [http://www.energy.gov.ab.ca/docs/tenure/pdfs/tenure\\_brochure.pdf](http://www.energy.gov.ab.ca/docs/tenure/pdfs/tenure_brochure.pdf)

# Summary of recommendations

## Alberta's oil sands tenure regime needs a substantial update to ensure that social and environmental values are reflected in the decision to grant oil sands leases.

To improve Alberta's oil sands tenure regime the Pembina Institute recommends:

- 1. The Minister of Energy should impose a moratorium on granting future oil sands rights** until the tenure regime is changed to reflect economic, environmental and social considerations.
- 2. Land use planning for oil sands must be completed** by the Ministries of Energy, Environment and Sustainable Resource Development before lifting the moratorium and issuing new oil sands rights.
- 3. The Minister of Energy should adopt changes to the tenure regime to ensure that decisions include:**
  - a) environmental assessment** (including cumulative impacts) to determine if issuing these rights is consistent with specific environmental objectives for regional management
  - b) public notice and opportunities for public comment** before tenure decisions are made
  - c) a public interest decision on whether to grant tenure**, based on the information derived from an environmental assessment and public input
  - d) a review of current tenure requirements and inclusion of environmental terms and conditions** when oil sands rights are granted.

## Want more information?

For more information and a complete discussion of these recommendations, download the full report *Haste Makes Waste: The Need for a New Oil Sands Tenure Regime*. It is available from [www.oilsandswatch.org](http://www.oilsandswatch.org), which also has the report *Oil Sands Fever*, photos, videos, and other information and reports on oil sands.

This report was prepared by Peggy Holroyd, Simon Dyer and Dan Woynilowicz of the Pembina Institute. Support our work. For more information or to make a donation to the Pembina Institute please visit [www.pembina.org](http://www.pembina.org).



▲ Tailings ponds, mining operations and production facilities comprise the landscape of oil sands operations, examples of which include the Suncor operation along the Athabasca River (bottom) and the Syncrude upgrader near Highway 63 (top).

PHOTOS: DAVID DODGE, THE PEMBINA INSTITUTE

