July 25, 2013

INFORMATION LETTER 2013-27

Subject: Fort McMurray Urban Development Sub-Region (UDSR): Policy direction on existing surface and subsurface dispositions within UDSR boundary

INTRODUCTION

This Information Letter designates Crown lands within the Government of Alberta’s Fort McMurray UDSR as lands that could be transferred and sold to the Regional Municipality of Wood Buffalo (RMWB) over time. This Information Letter also describes the Government of Alberta’s policy direction for existing surface and subsurface dispositions within the UDSR.

BACKGROUND

In 2011, the Government of Alberta and the RMWB signed a Memorandum of Understanding for cooperation in establishing a UDSR to enable future urban expansion. The UDSR will provide Fort McMurray with sufficient land to address its urban residential, commercial, industrial, and institutional growth needs for more than 25 years. In 2011 and 2012, the Government of Alberta engaged with the public, First Nations, companies, surface and subsurface disposition holders, and the RMWB regarding the UDSR.

The Fort McMurray UDSR is aligned with Responsible Actions: A Plan for Alberta’s Oil Sands (2009) which seeks to “support communities in managing immediate growth pressures through expediting the release of Crown lands, promoting affordable housing options and utilizing alternative financing approaches where appropriate.” The UDSR also supports the objectives of the Lower Athabasca Regional Plan (2012) by facilitating population and economic growth.

FORT McMURRAY UDSR POLICY DIRECTION

The UDSR boundary is identified in Attachment A to this Information Letter.

The Government of Alberta will cancel all existing Crown surface and subsurface dispositions that it considers incompatible with future urban development within the UDSR. Holders of surface and/or subsurface dispositions that are cancelled will be compensated pursuant to existing legislation.

The Government of Alberta intends to sell the Crown land contained within the UDSR boundary to the RMWB in stages over time. The terms and conditions of these future land sales will be negotiated with the municipality.
CANCELLATION AND COMPENSATION OF SURFACE AND SUBSURFACE DISPOSITIONS RELATED TO OIL SANDS EXPLORATION AND DEVELOPMENT

The Government of Alberta has deemed oil sands exploration and development incompatible with future municipal development within the UDSR. Therefore, in accordance with Section 8 (1)(c) of the Mines and Minerals Act, all oil sands subsurface dispositions and associated surface dispositions within the UDSR will be cancelled. All undisposed oil sands rights within the UDSR will be withdrawn from disposition.

Alberta Energy will give notice to the designated representative of affected Crown oil sands dispositions of the intent to cancel these dispositions. Compensation in respect to the cancellation of all or portions of oil sands dispositions within the UDSR will be determined according to the Mineral Rights Compensation Regulation.

The cancellation of oil sands dispositions does not remove the operators’ reclamation obligations under the Environmental Protection and Enhancement Act. Compensation for certain costs associated with abandonment or reclamation work will be paid in accordance with section 7 of the Mineral Rights Compensation Regulation.

Surface dispositions needed to win, work and recover the oil sands defined in the existing oil sands dispositions within the UDSR will be cancelled subsequently. Alberta Environment and Sustainable Resource Development (ESRD) will give notice to holders of the affected surface dispositions. Thereafter, ESRD will cancel affected surface dispositions. Compensation for cancellation of all or portions of associated surface dispositions will be determined according to section 82 of the Public Lands Act.

OTHER SUBSURFACE DISPOSITIONS

No restriction is placed on existing or future disposition of metallic and industrial mineral (MIM) leases, petroleum and natural gas (PNG) leases or coal leases within the UDSR. The petroleum and natural gas rights reserved from disposition within the Mannville zone continues to apply as outlined in Information Letter 2003-24.

OTHER SURFACE DISPOSITIONS

All other surface dispositions (i.e. those not associated with oil sands exploration and development) will require ESRD review with the RMWB at the time of land sale to determine their compatibility with future municipal development, and whether replacement agreements may be negotiated or whether the dispositions will be cancelled.
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Attachments:  
Attachment A Urban Development Sub-Region (UDSR) boundary map