



Title:	Alberta Aggregate (Sand and Gravel) Allocation Directive for Commercial Use on Public Land
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Purpose

To direct allocation and management of aggregate resources in Alberta.

Directive Context

This Directive outlines how aggregate (i.e., sand and gravel) resources will be allocated on public land in a manner that promotes integrated resource management and optimizes benefits for Albertans. To determine how and whether or not lands can be allocated for resource extraction, the following principles, planning approach, and requirements must be applied.

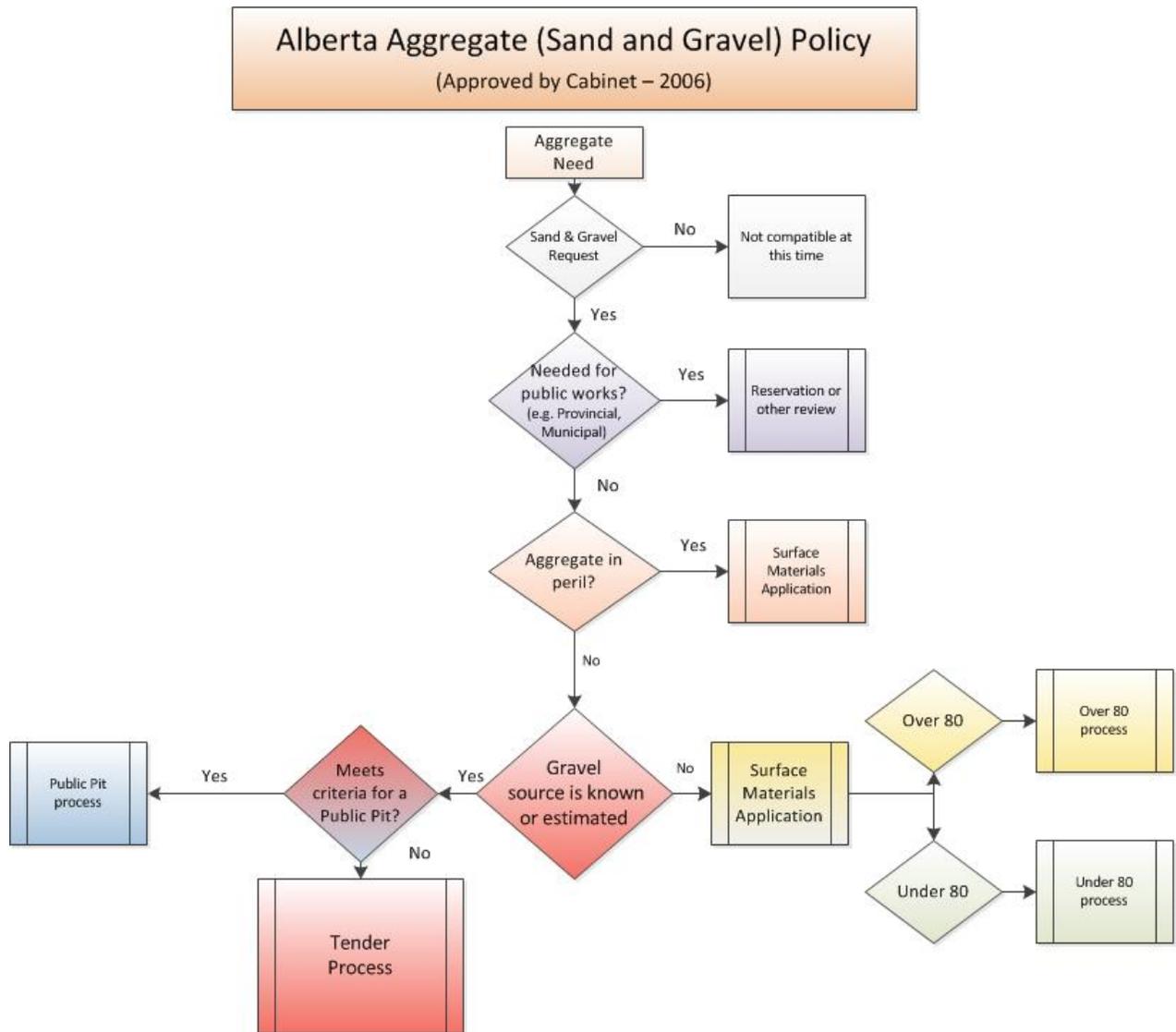
Principles

1. Allocation decisions must align with regional and sub-regional plans, and/or locally developed land allocation strategies that are consistent with such plans and this Directive.
2. Allocation decisions must respect and integrate with other relevant land management policies, identified areas of sensitivity, and registered interests within the Crown Land Registry (e.g., Protective Notations , sensitive fish and wildlife zones, etc.).
3. Allocation decisions must consider cumulative impacts.
4. Allocation decisions will be made in the public interest.

Allocation Procedure and Criteria

Process/ Decision Flowchart

Aggregate will be allocated according to the following criteria, in order of priority, as illustrated in the Process/Decision Flowchart (see below). Parties interested in aggregate will initiate the process by submitting an Aggregate Land Review Request.



- 1. Public Interest/Public Works:** The highest priority for aggregate allocation will be to support public works.

A public work is defined as the undertaking and all the works and property that may be acquired, made, built, constructed, erected, extended, enlarged, repaired, maintained, improved, formed, excavated, operated, reconstructed, replaced or removed on behalf of the Crown or municipal public purposes.

The resource need must be identified through a comprehensive plan that anticipates and rationalizes the long-range need for aggregate supply. Municipalities may also identify and rationalize sources of aggregate for public works purposes within documented strategies, such as Area Structure Plans. Area Structure Plans should consider current and future holdings. Provincial ministries and municipalities may submit their aggregate request for review by Environment and Parks. The request should be supported by their aggregate requirements for the next 10 years. It is expected that provincial ministries and municipalities will determine their aggregate requirements for the next 10 years and will update it at least every five years. Aggregate required for public work purposes may then be reserved by Environment and Parks. Provincial agencies will acquire an appropriate reservation for aggregate deposits, to register their interests in the Crown land records. Municipalities may apply for, and may be issued, appropriate aggregate dispositions. Municipalities desiring to develop aggregate operations for **commercial** purposes will be required to follow the process outlined in the remainder of this Directive.

- 2. Aggregate deposits that are in peril:** A resource in peril is one that will be lost through the conduct of another activity without achieving any public value or return for its extraction. This may apply to aggregate deposits of any size that are located in areas where a pending or approved development activity (e.g., a quarry and/or oilsand mine development that has overlaying commercial quantities of surface material), may result in the loss of the aggregate resource.

Loss of an aggregate resource typically occurs in two ways:

- Incidental loss* – where unknown deposits of sand and/or gravel are discovered incidentally through the conduct of an approved activity.
- In peril* – where deposits of sand and/or gravel are known to occur, and where the pending or approved development activity will result in the loss of the known aggregate resource.

Environment and Parks may issue Surface Material Leases of any size, to any party, in order to liquidate the deposit and make the most beneficial use of the aggregate resource to prevent its loss.

- 3. Previously Identified Aggregate Resources:** Where the source of aggregate is already known or estimated, Environment and Parks will allocate the resource:

- by tender,
- by request for proposal, or
- by any other approved means deemed necessary to ensure that the aggregate is used optimally and in the public's interest.

Sites tendered will have the same development requirements as sites over 80 acres.

Tender (Bonus Bid) options:

- a) by size/area
- b) by current royalty rate plus an additional amount added to the royalty

Triggers for Tender:

- a) Known resource data: Information sources identifying aggregate resources may be identified through surveys and mapping by the Alberta Geological Survey (AGS), geographical landforms, municipal records, Transportation's records, historical data, field inspections, and/or pre-existing exploration data, if available. Lack of exploration data does not prohibit a tender from proceeding
- b) Potential for cumulative impacts (e.g., multiple pits in an existing area) or new applications.

- 4. Public Pit:** A specific site may be operated as a public pit where Environment and Parks determines that it is in the public, industry, and/or community interest (e.g., a highly competitive market area with confirmed scarcity of resource). A pit manager will be selected through a Request for Proposal (RFP) process. The successful proponent (company or individual) will be responsible for operating the pit and making aggregate available to all operators.

Possible Scenarios:

- a) Scenario 1: Where there is a scarcity of the resource with a high probability that the market could be controlled by a single company resulting in a monopoly. Public pits enable the sand and gravel resources to be more effectively utilized in a fair and equitable manner (see guiding principles).
- b) Scenario 2: Situations where multiple individual small and/or limited gravel deposits concentrated in an area would result in resource conflicts for other major users on the landscape. Allocation and use must be addressed through appropriate planning and effective utilization of the resource.

- 5. Individual Pits:** Lands considered for allocation through the 'under 80 acres and over 80 acres' process are:

- 1. Land in areas where there is no, or limited, data available about the aggregate resources (e.g., through AGS or landforms).
- 2. No historical knowledge about the aggregate resource in the area (e.g., through field inspections and/or Transportation or municipal information).
- 3. Individual stand-alone sites

a) Surface Material Lease allocation for sites under 80 acres:

- i. Exploration – surface material exploration: Surface Material Exploration authorizations are issued for up to 180 days with no extensions. During this time period, proponents are expected to determine resource volumes. Proponents interested in proceeding with their applications will file an application for a Surface Material Lease within 10 days of expiry

of the Surface Material Exploration authorization. Environment and Parks will not accept any additional surface material applications during this time.

The maximum size of a Surface Material Exploration authorization giving exclusive rights is 320 acres. A non-transferable security deposit of \$1,500 is required for each 80 acres, or portion thereof, applied for under a Surface Material Exploration application. The surface material exploration holder must provide adequate mapping and test data that illustrates test hole locations, horizon profile, and any other data (e.g., photos) that depict the volume and degree of the gravel deposit. Test data, methods, and volumes must be verified by a qualified individual.

- ii. The Surface Material Lease application must be accompanied with a complete and acceptable Conservation Operation and Reclamation plan. The proposed plan will be prepared in accordance with relevant departmental documents. When approved, the plan will contain information on how the volume of aggregate removed from the site will be measured and how reclamation will progress during the term of the proposed disposition and appropriate level of security. Upon approval of the plan, a Surface Material Lease will be issued for up to 10 years. Lessees must commence operations on the site within the first four years or the time specified in the plan if this time is less than four years. Failure to meet performance requirements will result in cancellation of the lease. Operations will include reporting of volumes removed from the site on a yearly basis and payment of applicable royalties.
- iii. Environment and Parks will periodically conduct quality assurance reviews during the term of the lease. Proponents will be required to undertake a pre-determined amount of development work in accordance with the approved plan. Progressive reclamation will also be required. Renewal will be based on the performance of the lessee.

Applicants will be required to provide a signed declaration indicating all of their public land aggregate interests within a six-mile radius of the application area. They can also indicate why any sites included in the radius should be considered outside of a specific market area. An example is where a river traverses an area and hauling is in a different direction. Where the combined total area of an existing lease any additional aggregate activity held by the proponent is over 80 acres, it will be assessed using the same criteria as sites over 80 acres.

6. Surface Material Lease allocation for sites over 80 acres: Bonus Bid

- a) Applications may be submitted for individual sites greater than 80 acres in size in what is known as a bonus bid. Applications must include an exploration plan.
- b) Prior to advertising the land for bonus bid, Environment and Parks may first consider public needs and general aggregate availability in the vicinity.
- c) **Advertising for bonus bid:** Environment and Parks (AEP) will advertise the application by placing a notice on its website. Environment and Parks will also provide a notice of the advertisement to the Alberta Sand and Gravel Association, and the Alberta Road Builders and Heavy Construction Association.

- i. The notice will specify the bonus bid date.
 - ii. The bonus bid date will be approximately 240 days from the advertisement date, in order to allow interested parties adequate time for exploration.
- d) **Site exploration:** Parties interested in making a bonus bid may determine the quantity of aggregate on the site by carrying out exploration. More than one exploration program may occur on the land area at the same time.
 - i. Exploration plans must be submitted to Environment and Parks for approval prior to commencing exploration.
 - ii. Environment and Parks will charge a minimum exploration security deposit of \$7,000 for up to 320 acres, or \$1,500 per 80 acres or portion thereof, for sites over 320 acres.
 - iii. The original applicant will be given approval to proceed with exploration when the Department has placed the advertisement and received the appropriate security deposit.
- e) **Bonus Bid:** In order to provide time for the exploration to be undertaken, the closing date for receipt of bonus bids specified in the advertisement will be approximately 240 days from the advertisement date.
 - i. Those interested in submitting bids must do so before the specified deadline.
 - ii. The requirements specified in the bonus bid advertisement package must be met.
- f) **Conservation Operation and Reclamation Plan:** Once the bonus bid closes, results will be announced and the successful party will be notified. Once notice has been given, the successful party will have up to six months to prepare a Conservation Operation and Reclamation Plan.
 - i. This plan will provide specific details including timelines for carrying out operations on the proposed lease and procedures for verifying volumes removed (e.g., a scale operation). It will also address how reclamation will progress during the term of the proposed disposition and appropriate security.
 - ii. The successful bidder will be required to provide adequate mapping and test data, obtained from detailed exploration through the exploration process, obtained prior to the bonus bid, that illustrates test hole locations, horizon profile, and any other data (e.g., photos) that depicts the volume and degree of the aggregate deposit. Test data, methods, and volumes will be verified by a qualified individual.
 - iii. Failure to meet the requirements, particularly in providing the detailed test data, will result in forfeiture of the bonus bid and cancellation of the application.
- g) **Plan Approval:** Approval of the plan will include a Surface Material Lease that will be issued for up to 10 years.

- i. Lessees must commence operations on the site within the first three years of approval or the time specified in the Conservation Operation and Reclamation Plan, if this time is less than three years. Commencement is deemed to have occurred once vegetation is removed, as stated in the Conservation Operation and Reclamation Plan (this aligns with a requirement in the *Environmental Protection and Enhancement Act* to apply for a reclamation certificate).
- ii. Failure to meet performance requirements will result in cancellation of the lease.
- iii. Operations will include reporting of volumes removed from the site on a yearly basis and payment of applicable royalties. Environment and Parks will periodically conduct quality assurance reviews during the term of the lease. Proponents will be required to undertake a pre-determined amount of development work in accordance with the approved plan. Progressive reclamation will also be required. Renewal will be based on the performance of the lessee.

7. **Renewal of Leases:** Renewals will be considered based on the performance of the lessee during the term of the lease. Routine assessment of compliance with the conservation and reclamation plans will be conducted to ensure that satisfactory reclamation progress continues and any reclamation liability remains with the aggregate operator.

Contact Information

For inquiries please contact:

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Phone: (780) 422-2079

Authorities

Public Lands Act and Public Land Administration Regulation

Original signed by: _____

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Date: August 8, 2017

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Date: August 10, 2017