

CAPP/ENGO AGREEMENT

Petroleum and Natural Gas Exploration and Development And the Alberta Special Places 2000 Initiative Meeting the Challenge

*Canadian Association of Petroleum Producers
Canadian Parks and Wilderness Society
World Wildlife Fund Canada
Federation of Alberta Naturalists*

Statement of Consensus and Outstanding Issues

February 12, 1998

EXECUTIVE SUMMARY

Alberta's Special Places process has been challenged by the contradiction between the goal of creating a network of protected areas and the extent of industrial land use dispositions within Special Places candidate sites. The Canadian Association of Petroleum Producers (CAPP), the Canadian Parks and Wilderness Society (CPAWS), World Wildlife Fund Canada (WWF), and the Federation of Alberta Naturalists (FAN) have come together to seek common ground around resolving this challenge.

This Statement of Consensus and Outstanding Issues represents both the areas within which these organizations have found common ground, as well as those issues that remain unresolved.

CAPP, CPAWS, WWF, and FAN agree that the vision for Special Places is a network of protected areas. We agree that in those Special Places designated to achieve the preservation goal, industrial activities are not compatible. We further agree that a process needs to be in place which will facilitate the transition of these Special Places sites designated for protection from having existing activities or existing but undeveloped tenures, to sites having no industrial activity. We agree that there are a variety of tools that can be used to make this transition. Furthermore, CAPP, CPAWS, WWF and FAN believe that, for the Special Places initiative to meet its goals, the Alberta Government must also consider various forms of compensation for existing tenures in Special Places sites.

CAPP, CPAWS, WWF and FAN are not able to agree on the manner in which the tools should be applied. CAPP believes that incentives should be developed (by government and industry) to encourage the expeditious removal of industrial activities or hydrocarbon resources from Special Places. To achieve this goal, CAPP supports the

development of a suite of tools which would act as voluntary incentives to companies to achieve these objectives. CPAWS, WWF and FAN believe that the designation of a Special Place ought to compel the implementation of appropriate tools to expeditiously phase out current industrial activities and ensure that new industrial activities do not occur. We call on the Alberta Government to engage in this dialogue, to resolve the outstanding issues, and to assist in the development and implementation of the proposed tools.

Introduction

Alberta is committed, through the Government of Alberta's Special Places Policy and Implementation Plan, to the establishment of a network of protected areas representing the environmental diversity of the province's six natural regions and twenty subregions by the end of 1998. Alberta's Special Places initiative outlines four policy goals of which preservation is paramount. The Canadian Association of Petroleum Producers (CAPP), the Canadian Parks and Wilderness Society (CPAWS), World Wildlife Fund Canada (WWF), and the Federation of Alberta Naturalists (FAN) want the Special Places program to succeed.

Achieving the goals of Special Places will involve designation of a spectrum of sites to achieve the objectives of the policy. Within this spectrum of Special Places, some activities will be incompatible with some Special Place designations, especially those sites designated to achieve the preservation goal. A draft of this spectrum of activities is articulated in the government's Proposed Policy Foundation for the Natural Heritage Act, which is intended to facilitate implementation of the Special Places policy.

The purpose of this Statement of Consensus and Outstanding Issues is to set out those elements which CAPP, CPAWS, WWF and FAN agree should be implemented for Special Places to succeed. It also sets out elements on which CAPP, on the one hand, and CPAWS, WWF and FAN, on the other, were unable to agree.

Affirming the Vision

CAPP, CPAWS, WWF and FAN are committed to the Special Places vision of a network of protected areas representative of Alberta's environmental diversity. We have affirmed the vision of the Special Places 2000 initiative as follows:

- a network of protected areas representing the environmental diversity of the province's six natural regions and 20 subregions;
- intensive land use activities and industrial activities and development (including oil and gas exploration and development) are incompatible within sites designated for the Special Places preservation goal and will be prohibited by legislation;
- boundaries of Special Places will be clearly defined by legislation or Order-in-Council Activities that are compatible in Special Places and those that are incompatible will be clearly defined and set out in legislation;

- Special Places sites will persist in perpetuity; and Special Places are created to preserve ecological integrity, environmental diversity, and the integrity of wilderness experiences.

While committed to the success of the Special Places program, the achievement of its goals, and the vision set out above, CAPP, CPAWS, WWF and FAN recognize that the extent of currently-existing land use commitments across the Alberta landscape represents a major barrier to the success of Special Places.

Vision for Transition

At the present time, the Alberta landscape consists of a complex network of land use commitments of many differing types. On this same land base have been identified, for reasons of ecological characteristics, areas of the highest value for preservation under the Special Places initiative. Recognizing the extent of land use commitments on these ecologically-valuable areas, and keeping in mind the Government of Alberta's commitments:

- (a) to the preservation goal of Special Places, and
- (b) to honour existing tenures,

the challenge is to get from where we are today (candidate Special Places which are extensively developed and/or tenured for industrial activities) to a point, sometime in the future, where industrial activities are no longer occurring or have not occurred in Special Places. To meet this challenge we have conceived a vision for the transition from where we are today to where we want to be.

ELEMENTS AGREED TO BY CAPP, CPAWS, WWF AND FAN:

In Special Places sites designated to achieve the preservation goal, oil and gas exploration and development is not compatible.

Sites Containing Existing Infrastructure and Activities

- Where subsurface mineral tenures are issued or renewed after a Special Places site is designated, surface access to these tenures will be prohibited by legislation.
- For each site, all infrastructure and facilities will be phased out. Transition plans and timetables will be developed to manage activities and the phase-out of industrial activities during the 'transition period'. The intent of the transition plans will be to facilitate the expeditious removal of infrastructure and facilities, or hydrocarbon resources, while maintaining the ecological integrity of the site. The expeditious removal of facilities and infrastructure or hydrocarbon resources will be facilitated through the development and application of a suite of 'tools' or 'incentives' to achieve the preservation objective.

Sites Containing Undeveloped Tenures

- Where subsurface mineral tenures are issued or renewed after a Special Places site is designated, surface access to these tenures will be prohibited by legislation.
- The treatment of new infrastructure and facilities associated with mineral dispositions existing at the time of designation is a critical and difficult issue requiring resolution by the Alberta Government.

Principles and Tools for Transition

We recognize that expeditious timing of 'transitioning' preservation sites to fully protected Special Places will be one of the most challenging issues to resolve. It will require clear, fair and certain management strategies developed on a site-by-site basis. The ability to develop site-by-site strategies will require a comprehensive set of tools. The development of tools and strategies must be guided by a set of mutually-acceptable principles, which address the interests of CAPP, CPAWS, WWF and FAN, as well as other stakeholders.

CAPP, CPAWS, WWF and FAN identified the following principles and support their use when developing and implementing the tools to achieve the vision for transition.

Principles:

- Fairness to the early achievement of the Special Places vision and fairness to disposition holders.
- Maintenance of ecological integrity and biodiversity during the transition.
- Opportunity of disposition holders to optimize investment within the constraints of the elements of the transition vision, while not compromising ecological integrity or environmental diversity.
- Flexibility to meet the needs of individual companies and sites by providing a selection of incentives and tools to practically, efficiently and expeditiously phase out existing infrastructure and facilities, remove hydrocarbon resources, or remove tenures.
- Certainty of the extent, boundaries and durability of Special Places and certainty and clarity of uses and restrictions within Special Places.

Assembling the Toolbox

CAPP, CPAWS, WWF, and FAN agree to contribute actively to the development of a toolbox containing a suite of tools that could be used to achieve the Special Places vision.

Examples of these tools include the following:

- lease exchanges/land swaps;

- voluntary relinquishment or non-renewal of leases;
- monetary compensation to give up mineral tenures or operating facilities;
- incentives for accelerated pool depletion;
- royalty credits in exchange for relinquishment of leases; and
- directional driving from outside the boundary of a Special Place.

An appropriate suite of tools cannot be meaningfully developed or implemented by CAPP, CPAWS, WWF, and FAN alone. For Special Places to be successful, others need to be actively engaged.

ELEMENTS ON WHICH CAPP, CPAWS, WWF AND FAN HAVE NOT AGREED:

CAPP'S Position:

While specific circumstances of each site will vary, companies and the government are encouraged to find a way to voluntarily phase out pre-existing mineral dispositions, infrastructure and facilities, or accelerate the removal of hydrocarbon resources, using a suite of incentives or tools yet to be developed. New infrastructure and facilities on dispositions existing but undeveloped when Special Places are created will be allowed at the tenure-holder's discretion, should the tenure-holder not choose other tools or incentives.

CPAWS', WWF's AND FAN'S Position:

New infrastructure or facilities on dispositions existing but undeveloped when Special Places are created will be prohibited. Government and industry will negotiate the removal of those dispositions using the suite of 'tools' yet to be developed.

Next Steps - Engaging Government

CAPP, CPAWS.. WWF, and FAN have made significant, constructive advancements in addressing the Special Places challenge, namely, clarity of commitment to a Special Places vision and conceptual development of a transition vision to assist in the implementation of strategies to achieve this vision. The transition vision concept recognizes both the extent of dispositions held by the oil and gas industry and the significance of ecological goals and objectives of Special Places sites.

We have narrowed the gap between often divergent views. We have conducted these discussions with the understanding that the Government of Alberta is accountable for the success of the Special Places policy.

While CAPP, CPAWS, WWF, and PAN support the Special Places vision and have taken steps towards envisioning how it can be achieved, government direction is now necessary on those elements on which we have not come to agreement. Without this direction, we believe the goals of the Special Places program will be difficult to achieve.

These issues must be addressed and resolved by government. CAPP, CPAWS, WWF, and FAN invite the participation of the Alberta Government to scope out the tools and the processes to enable delivery of the transition vision. The consideration of compensatory mechanisms for tenures within Special Places sites is critical to the success of the transition process.

We believe this will provide a foundation for ultimately achieving the vision for Special Places. We also invite other stakeholders to re-commit to the vision for Special Places and initiate discussions focused on building the strategies necessary to the success of the Special Places initiative.

In signing this Statement of Consensus and Outstanding Issues, the parties agree to the elements on which consensus was reached in regard to the Special Places initiative. This Statement is an agreement in whole, and individual parts should not be taken in isolation as being agreed to by the parties.

Dated this 12th day of February, 1998 and signed by:

David Manning, President, Canadian Association of Petroleum Producers

Monte Hummel, President, World Wildlife Fund Canada

Juri Peepre, President, Canadian Parks and Wilderness Society

Derek Johnson, President, Federation of Alberta Naturalists

