



October 3, 2006

*Submitted by mail and electronically to:*

Oil Sands Consultations  
Alberta Department of Energy  
North Petroleum Plaza\_7th floor  
9945-108 St. Edmonton, Alberta  
Canada. T5K 2G6  
[oilsandsconsultations@gov.ab.ca](mailto:oilsandsconsultations@gov.ab.ca)

---

On behalf of Natural Resources Defense Council (NRDC) and our more than one million members and activists, we are pleased to submit these comments to the Multi-Stakeholder Committee in the Oil Sands Consultation visioning process. Melanie Nakagawa (Attorney, NRDC International Program), presented at the Oil Sands Consultation held in Bonnyville, Alberta, September 13, 2006. These comments are meant to reiterate and complement that presentation.

### **About the Natural Resources Defense Council (NRDC)**

NRDC is a United States-based non-governmental, not-for-profit environmental advocacy organization with over 30 years of experience in North American environmental issues.<sup>1</sup> NRDC funding comes from individuals and private foundations. Our core program areas include climate change, energy, water, land, air and public health. We work in the United States and internationally on behalf of our over 1.2 million members and online activists.

NRDC has worked with partners in Canada for the last 20 years. We address land conservation issues in Canada, working with local partners to encourage conservation and sustainable development, while raising awareness in the United States about the impacts of U.S. consumption of energy and forest products on Canadian wilderness. A core focus for us right now is conservation and sustainable development in North America's Boreal forest. NRDC is currently engaged in coordinating among agencies and institutions to further the debate on U.S. policy addressing U.S. consumption of Canadian natural resources, specifically on the environmental implications of oil sands and associated pipeline development.

---

<sup>1</sup> For more information on the Natural Resources Defense Council see the homepage: [www.nrdc.org](http://www.nrdc.org).

NRDC is participating in Alberta's Oil Sands Consultation process by submitting, both oral and written comments. This is an important opportunity for our organization and others interested in the oil sands to raise our concerns and offer suggestions for an oil sands vision for Alberta. As a United States-based organization, we recognize that the United States is a driver for the rapid development in the oil sands industry, given the U.S. appetite for oil. A growing U.S. demand and shrinking U.S. domestic production of oil means America is importing more oil each year.<sup>2</sup>

It is because NRDC takes U.S. energy consumption very seriously, that one of our priorities is to address U.S. energy consumption issues through projects devoted to renewable energy, energy efficiency, and reducing U.S. dependency on oil.<sup>3</sup> However, in addition to focusing on what Americans can do at home, we also try and educate Americans and our policy decision-makers about the impacts of our decisions in other countries and on how to make sustainable energy choices from sources that promote development in a sustainable manner.

Therefore, we submit these comments asking that the current pace of oil sands development slow down and that Alberta halt new oil sands development, until the province has addressed and dealt with the many public concerns in Canada and the United States over global warming impacts, Boreal forest conservation, water quality and quantity, public health, and investment security.

## **NRDC's Concerns and Recommendations**

### **Moratorium**

NRDC's primary concern is that the current pace of development is too rapid.<sup>4</sup> We have heard Albertans voice the concern that environmental, public health and infrastructure needs are not able to keep pace with the current rate of oil sands development.<sup>5</sup>

***Recommendation:*** Alberta should refrain from granting any new regulatory approvals and should refrain from granting any new allocations of oil sands mineral rights until the province deals with the deep public concerns over environmental threats and degradation, deteriorating public health and lack of adequate public infrastructure.

---

<sup>2</sup> According to the U.S. Department of Energy's Energy Information Administration's Annual Energy Outlook 2004, the United States currently uses nearly 20 million barrels of oil a day, importing 55 percent of it. Twenty years from now, U.S. consumption is projected to rise to 28.3 million barrels of oil a day, with 70 percent of it imported. NRDC Fact Sheet, "Reducing America's Energy Dependence",

<http://www.nrdc.org/air/transportation/gasprices.asp>.

<sup>3</sup> Examples of NRDC involved energy efficiency campaigns include, but are not limited to: "Re-energize America" <http://www.reenergizeamerica.org/>, and "Break the Chain" <http://www.nrdc.org/breakthechain/>.

<sup>4</sup> The National Oil Sands Task Force projected between 800,000 and 1.2 million barrels a day by 2020, but 1.1 million barrels per day already was achieved by 2004 – 16 years in advance of when expected. Pembina Institute, *Oil Sands Fever* (November 2005), pg. 3-4.

<sup>5</sup> An overwhelming majority of Albertans (91%) expect protection of the environment, even if this slows down opportunities for oil sands development. The Pembina Institute "Albertans' Perceptions of Oil Sands Development Poll, Part 2: Environmental Issues," [http://www.pembina.org/pdf/publications/OS\\_Survey\\_Enviro.pdf](http://www.pembina.org/pdf/publications/OS_Survey_Enviro.pdf).

## Planning

The process of ramping up oil sands production in Alberta seems to have proceeded without meaningful environmental, public health and infrastructure planning.<sup>6</sup> While the energy industry is based in part on speculation, there should not be speculation in areas of high ecological value or where there could be impacts on the public's health.

**Recommendation:** Alberta should institute a planning process for oil sands development that includes commitments around land conservation, land restoration, wildlife, public health, Aboriginal rights, and public infrastructure needs on a scale commensurate with the scale of operations proposed by the companies investing in and developing the oil sands.

The environmental footprint of Alberta's oil sands is growing everyday.<sup>7</sup> The impacts of the oil sands go beyond Alberta. The oil sands are the fastest growing source of green house gas emissions in Canada<sup>8</sup> and have vaulted Canada to second place behind Saudi Arabia in global oil reserves.<sup>9</sup> Because Alberta's energy supply comprises a significant amount of Canada's total energy supply, it is important that Alberta and the Federal Government jointly engage in an energy dialogue.

**Recommendation:** Alberta should work with the Government of Canada to develop a national energy strategy that includes all aspects of the oil sands development within the broader context of Canadian energy supply and demand.

## Sustainable Energy

In order to promote oil sands development, Alberta put a system of subsidies and incentives in place for the oil sands industry. These subsidies and incentives are no longer needed for oil

---

<sup>6</sup> "The rapid expansion in the oil sands has resulted in a regional growth rate of eight to nine per cent. That level of growth has been sustained here for six years and counting, exerting tremendous strain on our communities", said Mayor Melissa Blake. "To provide the level of services that all Albertans deserve, we need time to adjust." Regional Municipality of Wood Buffalo News Release, "Municipality Seeks Solutions to Socio-economic Impacts," [http://www.woodbuffalo.ab.ca/municipal\\_government/media\\_releases/2006/sept12.solutions.asp](http://www.woodbuffalo.ab.ca/municipal_government/media_releases/2006/sept12.solutions.asp).

<sup>7</sup> "Approximately 2700 oil sands lease agreements are currently in place with the province, totaling 43,000 square kilometers. This leaves close to 70 per cent of oil sands areas available for exploration and leasing." Alberta Government, <http://www.energy.gov.ab.ca/108.asp>. Production of oil from Alberta's tar sands has already more than doubled to approximately 1.1 million barrels per day between 1995 and 2004. Energy Facts, Alberta Government, <http://www.energy.gov.ab.ca/1899.asp>. This expansion is projected to increase production to more than two million barrels per day by 2010-2012 and in a recent study by the Canadian Energy Research Institute, production could reach 3.6 million barrels per day by 2020. Alberta Department of Energy, "Alberta's Oil Sands 2004," (Updated December 2005), pg. 4 [http://www.energy.gov.ab.ca/docs/oilsands/pdfs/PUB\\_osgenbrf.pdf](http://www.energy.gov.ab.ca/docs/oilsands/pdfs/PUB_osgenbrf.pdf).

<sup>8</sup> Dan Woynillowicz, Chris Severson-Baker, and Marlo Reynolds, Oil Sands Fever, The Pembina Institute (November 2005), pg. 19.

<sup>9</sup> Energy Facts, Alberta Government, <http://www.energy.gov.ab.ca/1899.asp>.

sands<sup>10</sup> – but instead are needed to promote the growth of energy efficiency and environmentally sustainable renewable energy sources.

**Recommendation:** Alberta should eliminate all direct and indirect financial incentives to the oil sands industry and instead increase financial support for energy efficiency and environmentally sustainable renewable energy sources.

## Environmental Integrity

The current environmental regulatory structure in Alberta is inadequate to ensure land conservation and remediation, protection of wildlife, protection of water quality and quantity, protection of air quality, reduction of greenhouse gas emissions, and protection of public health.<sup>11</sup>

**Recommendation:** Alberta should develop and implement a regulatory and policy regime that assures the maintenance of environmental integrity, including precautionary limits for water use, for pollutant releases to air and water, and for remediation of environmental damage caused by oil sands development.

Communities in the oil sands region of Alberta and downstream from the Peace and Athabasca rivers have voiced concerns about the public health impacts of the oil sands development.<sup>12</sup> We have heard many stories throughout the region about the rise in unusual cancers and other diseases,<sup>13</sup> yet we have not heard of any thorough studies to get to the bottom of these reports.

**Recommendation:** Alberta should conduct detailed and comprehensive studies of the potential public health impact of the oil sands actual and potential pollutant releases to air and water.

NRDC members regard the North American Boreal Forest as one of the last great wilderness regions in the world. Alberta's Boreal forest is an important breeding ground for songbirds and waterfowl that winter in the United States. It is a globally important mosaic of wetlands, fens, bogs, marshes, rivers, lakes and forest lands. The amount of land impacted by the oil sands and

---

<sup>10</sup> Dan Woynillowicz, Chris Severson-Baker, and Marlo Reynolds, Oil Sands Fever, The Pembina Institute (November 2005), pgs. 66-67.

<sup>11</sup> Dan Woynillowicz, Chris Severson-Baker, and Marlo Reynolds, Oil Sands Fever, The Pembina Institute (November 2005), *See also*, Jeffrey Simpson, "Oil sands vision, red herrings and a sea of platitudes," Globe and Mail (Sept. 20, 2006), <http://www.theglobeandmail.com/servlet/story/RTGAM.20060920.wsimpson20/BNStory>.

<sup>12</sup> "Since the oil sands developments started, the tastes of certain fish have, from time to time been affected. Concern exists about the uptake of toxic pollutants and fish tainting. Mikisew members can no longer drink water from the rivers, streams, and lakes downstream of the developments. Also, certain rare diseases and conditions are showing up among the Fort Chipewyan community with alarming frequency." Mikisew Cree First Nation, "Submission for Intervention" in the integrated application by Suncor Energy Inc. for approval of the North Steepbank Extension Project (Application 1391211) and the Voyageur Upgrader Project (Application 1391212), pg. 11.

<sup>13</sup> Patrick Brethour, "Why is cancer sweeping tiny Fort Chipewyan?" Globe and Mail (May 23, 2006).

associated development is of an unprecedented size and scope and will fragment and destroy a significant region of Alberta's Boreal forest.<sup>14</sup>

**Recommendation:** Alberta should identify the areas of high ecological importance within the oil sands so that these can be conserved. Alberta should also establish protected areas that preserve remaining unprotected wilderness regions such as the Castle Wilderness and the Bighorn Wildland, as well as areas similar in ecology to the complex system of wetlands and forests in the oil sands region.

## Contribution to Climate Change

The oil sands are the fastest growing source of greenhouse gas emissions in Canada. The production of oil from this source produces three times as much greenhouse gas as from conventional oil production.<sup>15</sup> Alberta has become an energy powerhouse in Canada and has the opportunity to become a leader in Canada in control of greenhouse gas emissions in the same way that some states in the United States have moved to address this issue. For example, recently, the California legislature passed global warming legislation that would limit global warming emissions and institute a mandatory emissions reporting system to monitor compliance.<sup>16</sup> The California system would also allow for market mechanisms to provide incentives to businesses to reduce emissions while safeguarding local communities.<sup>17</sup>

**Recommendation:** Alberta should develop and implement a comprehensive and mandatory set of regulations for reduction and reporting of greenhouse gas emissions.

## Investment

The Alberta government has been engaged in discussions with U.S. decision-makers and investors.<sup>18</sup> Our concern is that these discussions have not fully addressed existing and future environmental and social liabilities of the current oil sands development. Alberta does not yet have a comprehensive set of regulations forcing companies to take environmental and public health liabilities into account. This makes the oil sands an unstable investment because the future environmental and public health liabilities are not yet fully accounted for. We are further

---

<sup>14</sup> "The mining zone currently extends across approximately 3,300 km<sup>2</sup> of northern Alberta . . . [however] the bulk of the established reserves (81%) must be extracted using in situ (in place) techniques. [I]f all available deposits are to be extracted, the potential area impacted will be vast—approximately 138,000 km<sup>2</sup> (13.8 million hectares), which is 50 times larger than the area of the mining zone." Richard Schneider and Simon Dyer, "Death by a Thousand Cuts," Canadian Parks and Wilderness Society and the Pembina Institute (August 2006), pgs. 1-2.

<sup>15</sup> The Pembina Institute, Oil Sands Fever Fact Sheet (August 2006), pg. 2,

[http://www.pembina.org/pdf/publications/OSF\\_Fact72.pdf](http://www.pembina.org/pdf/publications/OSF_Fact72.pdf).

<sup>16</sup> State of California, Office of the Governor, Press Release (Aug. 30, 2006), "Statement by Gov. Schwarzenegger on Historic Agreement with Legislature to Combat Global Warming," <http://gov.ca.gov/index.php?press-release/3722/>.

<sup>17</sup> Union of Concerned Scientists, Fact Sheet on AB 32: Global Warming Solutions Act,

[http://www.ucsusa.org/assets/documents/global\\_warming/AB-32-fact-sheet.pdf#search=%22AB%2032%20%22](http://www.ucsusa.org/assets/documents/global_warming/AB-32-fact-sheet.pdf#search=%22AB%2032%20%22).

<sup>18</sup> E.g. Events leading up to "Alberta at the Smithsonian" (June 26-July 11, 2006) as part of "Alberta Week," (June 26-July 4, 2006), such as the "Energy Forum" and "State Department Luncheon," [www.albertaindc.com](http://www.albertaindc.com).

concerned at the lack of transparency in the Alberta – United States discussions. Before the United States commits to infrastructure projects within U.S. borders that would support the oil sands industry, in the form of, for instance, trans-boundary pipelines and U.S.-based refineries, it is important for the U.S. public and for U.S. investors to understand the environmental and public health impacts of the oil sands industry and associated pipeline development. This means that all investment liabilities and constraint on the oil sands industry must be addressed. For example, *present* constraints on the system include, but are not limited to, availability and quality of water and *future* constraints may include the limitations on greenhouse gas emissions and the need to deal with the toxic waste in the tailings ponds.

***Recommendation:*** In discussions concerning potential U.S. support and investment, Alberta should be transparent and should include a full disclosure of the environmental, public health and social impacts.

In conclusion, we see Alberta as a province that is standing at a crossroad. Alberta has the opportunity to emerge as a leader in energy by promoting environmentally and socially sound practices. We hope to see Alberta choose a sustainable energy path for its future vision.

Respectfully submitted,

**Susan Casey-Lefkowitz**, Director, Canada Program, Natural Resources Defense Council  
Tel: 202-289-2366  
Email: [sclefkowitz@nrdc.org](mailto:sclefkowitz@nrdc.org)

**Melanie Nakagawa**, Attorney, International Program, Natural Resources Defense Council  
Tel: 202-513-6266  
Email: [mnakagawa@nrdc.org](mailto:mnakagawa@nrdc.org)