

Alberta Aggregate (Sand and Gravel) Allocation Policy for Commercial Use on Public Land

Purpose

To allocate aggregate (sand and gravel) for *commercial use* on public land in a fair, comprehensive and timely manner that optimizes benefits for Albertans.

Procedure

Aggregate will be allocated according to the following criteria as provided in this document entitled: *Alberta Aggregate (Sand and Gravel) Allocation Policy for Commercial Use on Public Land*.

Allocation Procedure and Criteria

1. **Public Interest:** Aggregate required for public purposes will be reserved for use by the Ministry of Infrastructure and Transportation. Infrastructure and Transportation will acquire an appropriate reservation for aggregate deposits, to register its interests in the Crown land records. Municipalities may also identify sources of aggregate for public works purposes. They 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 this policy.
2. **Aggregate Deposits that are in Peril:** This applies to aggregate deposits of any size that are located in areas where there is pending or approved development activity, such as from mining operations. Sustainable Resource Development 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 resource.
3. **Previously Identified Aggregate Resources:** Where the volume of aggregate is already known or estimated, Sustainable Resource Development will allocate it:
 - a) by tender
 - b) by request for proposal, or
 - c) by any other approved means deemed necessary to ensure that the aggregate is used in an optimal manner and that the use is in the public interest

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

4. **Public Pit:** A specific site may be operated as a public pit where Sustainable Resource Development 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. An example is the Susan Lake public pit near Fort McMurray.

5. Surface material lease allocation for sites up to 80 acres:

- a) Exploration - surface material exploration: Applications are processed on a one-time, first-come-first-serve basis. Surface material exploration approvals 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 approval. Sustainable Resource Development will not accept any additional surface material exploration applications during this time.

The maximum size of a surface material exploration approval 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.¹

- b) Once a notice of approval of the surface material lease application has been given, the applicant will be required to complete a conservation and reclamation plan for the site within six months. The proposed plan will be prepared in accordance with *A Guide to Surface Material Resource Extraction on Public Land*. 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. Approval of the plan will include a surface material lease that 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.
- c) Sustainable Resource Development 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 under the same criteria as sites over 80 acres.

¹ The Alberta Sand and Gravel Association (ASGA) will determine the definition of a qualified individual, in accordance with procedures approved by Sustainable Resource Development. A member of a professional association with the designation of P.Eng., P.Ag., RPF, or RPFT is initially considered to be a qualified individual under this provision. Appropriate qualifications and training requirements will be developed by the ASGA and approved by Sustainable Resource Development.

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, Sustainable Resource Development may first consider public needs and general aggregate availability in the vicinity.
- c) Advertising for bonus bid: Sustainable Resource Development will advertise the application by placing a notice on its web site. Sustainable Resource Development will also provide a notice of the advertisement to the Alberta Sand and Gravel Association, Alberta Road Builders and Heavy Construction Association, and the Members of the Legislative Assembly for the area.
 - i. The notice will specify the bonus bid date.
 - ii. The bonus bid date will be about 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 Sustainable Resource Development for approval prior to commencing exploration.
 - ii. Sustainable Resource Development 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:
 - i. 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 around 240 days from the advertisement date.
 - ii. Those interested in submitting bids must do so before the specified deadline.
 - iii. The requirements specified in the bonus bid advertisement package must be met.
- f) Conservation and Reclamation Business Plan: Following the close of the bonus bid, the results will be announced and the successful party will be notified. Once a notice of approval has been given, the successful party will have up to six months to prepare a conservation and reclamation business 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 gravel deposit. Test data, methods, and volumes will be verified by a qualified individual².

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 or the time specified in the plan, if this time is less than three years.

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.

h) Sustainable Resource Development 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.

8. Transition: Applications for sites over 80 acres made prior to July 8, 2005 will have a period of six months to complete the requirements and plans. These applications will be processed in accordance with the requirements for sites less than 80 acres, regardless of their size. After the six-month period, any outstanding applications must either be cancelled or put up for bonus bid. Applications received subsequent to July 8, 2005 that are over 80 acres in a market area will be subject to the new requirements for sites over 80 acres including the bonus bid provision.

Pertinent Legislation

Public Lands Act, Dispositions and Fees Regulation (AR 54/2000).

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