

April 16, 2002

COAL AND MINERAL DEVELOPMENT INFORMATION BULLETIN 2002-03
SUBJECT: METALLIC AND INDUSTRIAL MINERALS REGULATION (A.R. 66/93) REVIEW

In February 2002, Information Bulletin 2002-02 announced the start of a review of the Metallic and Industrial Minerals Regulation A.R. 66/93. Lessees, permittees and stakeholders were invited to two meetings, held in Edmonton on March 6 and in Calgary on March 7, 2002. Meeting participants gave preliminary input on the regulation and related tenure rules and processes. The [attached meeting highlights](#) include the Department's response to suggestions. The Department invites further input, to be considered in preparing a discussion paper on proposed changes.

Communication during this regulatory review will be mainly by e-mail and the Department of Energy Website, as agreed to in the preliminary meetings. Documents and a copy of the regulation will be available on the Department Website at:

<http://www.energy.gov.ab.ca/>. Go to: Coal and Minerals => Regulatory Review.

Key documents, such as a Discussion Paper on proposed changes, will also be distributed by regular mail. Additional meetings will be arranged if required.

To get on an e-mail distribution list to receive update notices and exchange comments, please e-mail a request to CMD.Energy@gov.ab.ca. The Department will aim to maintain client and stakeholder anonymity in e-mail distributions. Please send comments and questions to this e-mail address, or contact:

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Sincerely,

[Original signed]

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/Encl

Review of the Metallic and Industrial Minerals Regulation A.R. 66/93

Key Points from Preliminary Input Meetings March 6 and 7, 2002

(Coal and Mineral Development Information Bulletin 2002-03 Enclosure)

1. ASSESSMENT REPORTING TIMEFRAME

Meeting participants agreed the 90-day filing period is reasonable. There was concern about the time period beyond the filing period: late filing (30 days), and the review and revision period (sometimes over 90 days.) This can delay release of lands that are released as a result of report deficiencies. Suggestions to reduce late filing and delays include:

- File annual statements of costs and/or work to date (not including results) on anniversary dates, whether or not report is due; or file a statement at the two-year anniversary, and annually after that.
- Submit an “intent to file” notice by the permit anniversary date. The permit lapses if intent to file notice is not filed on time.
- Provide incentives for filing on time or disincentives for late filing: e.g., lose percentage of credit for work assessment expenditures.

Department Comment: The Department is particularly interested in the benefits of filing an annual statement and the intent to file notice. Further input is encouraged, particularly if you have experience with similar requirements in other jurisdictions.

2. PAYMENT IN LIEU OF ASSESSMENT WORK

Meeting participants supported payment in lieu, but one person suggested a refundable deposit, refunded in proportion to subsequent work done.

Department Comment: The Department proposes maintaining the existing payment in lieu option, and will not consider a refundable deposit at this time. In 1993, a refundable work deposit required at the beginning of a work term was removed from the regulation with industry’s support. The Department is opposed to refundable deposits due to the large administrative burden they impose both on the department and industry.

3. CONFIDENTIALITY PERIOD

One-year confidentiality period seems reasonable, but should be consistent for assessment reports and mineral core and samples. It was suggested the one-year confidentiality period be based on the permit anniversary date rather than report and mineral core submission dates. It was also suggested that the confidentiality period be lifted as soon as a permit expires or is dropped.

Department Comment: The Department proposes to go with this approach, but invites feedback on the permit anniversary date as the key date.

4. ASSESSMENT REPORTING STANDARDS

The Ministry is concerned about ensuring quality and validity of data and analyses, and how deficiencies are determined and addressed. Participants agreed that additional standards or best practices would benefit overall quality and value of assessment reports. Areas discussed included:

- Potential for applying some aspects of existing standards and instruments (e.g., some aspects of terminology or qualifications in the standards adopted or developed by National Instrument 43-101; APEGGA; CIM.) It was agreed that any changes must continue to allow prospectors to work a permit.
- Digital submission as a potential option to the existing requirement of two original print copies. Digital submissions would need format and data standards.
- Geographic coordinates (e.g., UTM, NTS, Lat-Long, ATS.) It was suggested that ATS plus one other standard coordinate would be acceptable.

Department Comment: Will discuss with Alberta Geological Survey.

5. LENGTH OF PERMIT TERM

The Metallic and Industrial Minerals Permit has a 10-year term broken into 5, two-year work periods. Discussions indicated that term length is less of a concern than delays between permit application and issuance. It is not unusual for agreements to be issued six months after application.

Department Comment: The Department intends to address the delays, but causes are procedural more than regulatory and will not be addressed through this review.

6. PERMIT APPLICATION – MAP STAKING AND OVERLAP

Applications are made during regular business hours. Meeting participants were satisfied with the routine map staking process, except for processing delays (above.)

If two or more applications are made for the same lands in a 24-hour period (ending at 3 p.m.) they are considered in overlap. In this situation, the applicants are invited to bid competitively on the overlapping lands. During the bidding process the Department keeps the identity of bidders confidential, although affected clients sometimes discover the other parties through industry networking. One participant preferred the former first-come, first-served process. Participants agreed that private bidding is preferable to public sale.

Department Comment: The Department intends to continue the existing bidding process for the foreseeable future. The first-come, first-serve approach was dropped mainly because it gave Edmonton area clients an advantage over clients in other locations, including Calgary. A first-come, first-serve approach might be re-considered in an e-commerce environment, but this will not be an option for several years. Other potential approaches include a draw or negotiation between overlapping applicants. The method of dealing with competition for metallic and industrial mineral rights is not set in the regulations. The method can be changed without a change to the regulation, providing legislated requirements are met.

7. PERMIT APPLICATION - LAND DESCRIPTION

At present, application is based on Alberta Township Survey land description. Lands must be contiguous and permit size must be between 16 and 9216 ha, equivalent in area to one legal subdivision and one township, respectively. The Department invited discussion of applying by township:

Application by township. One permit would equal the balance of lands available in a township. Lands in an agreement might not be contiguous. Given the size of a township, permittees would be allowed to drop lands within a township. Over time, other applicants could pick up lands in the same township, which would result in a checkerboard of several permits in one township. Grouping for assessment reporting purposes might be based on contiguous townships.

Some participants liked this proposal; others are satisfied with the existing method.

Department Comment: The Department does not consider it appropriate to explore this option further. Further examination suggests that, while applying would be easier, the outcome is more complex. A township could end up with a “checkerboard” of permitted lands held by different parties. If permits could only be picked up and dropped as a whole, a permit would be a smaller unit of land, i.e., a section, quarter section or legal subdivision. Land description would likely be no easier than it is today. It seems to be more worthwhile to review permit grouping for assessment reporting purposes (below.)

8. ASSESSMENT REPORTING -- PERMIT GROUPING

At present, permits must be contiguous (adjacent, or touching at the corners) to group for assessment reporting purposes. Non-contiguous permits must be reported on separately. Permits grouped in earlier work periods require separate reports if they become non-contiguous in later work periods.

It was suggested that permit grouping be relaxed. Options include:

- Allow grouping of permits in contiguous townships.
- Allow grouping within a specified maximum distance (e.g., 10 km.).
- Allow grouping of non-contiguous permits if they were contiguous and grouped in previous work periods.

Department Comment: The Department proposes grouping based on contiguous townships, but invites feedback on this option and alternatives.

AGREEMENT TYPES (PERMITS, LEASES, etc.)

Alberta offers two types of metallic and industrial agreements: a relatively large exploratory permit and a lease¹. The Department invited discussion on whether an intermediate-sized agreement, similar to smaller claims in some other jurisdictions, would be beneficial in Alberta.

The intermediary might be for mineral deposit discovery, delineation and/or appraisal. Leases would focus on development and production, but would allow renewal to maintain reserves for an existing operation (e.g., limestone reserves for cement manufacturing.) Intermediary agreement might have permit-like assessment reporting requirements or lease-like rental obligations.

Participants indicated an intermediary agreement is worth considering. A small claim which could be more quickly issued than a permit or lease was also suggested.

Another option to consider is a higher rental rate on leases in which no development or production is underway.

There was limited opportunity to discuss whether the lease “fits” placer mining as conducted in Alberta at present as only one representative attended from this sector. This matter is of interest to placer producers and, potentially, sand and gravel producers.

Department Comment: The Department encourages feedback on the intermediary agreement versus higher rental on non-producing leases, particularly from non-producing lessees and from permittees with experience in other jurisdictions. The Department encourages placer producers to suggest alternative approaches to Crown placer mineral rights.

¹ Permit minimum size is 16 (1 legal subdivision) to maximum 9216 ha, same area as one Township or 36 sections.) Lease maximum is 2304 ha, same area as ¼ Township or 9 sections; no minimum specified.