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Alberta's Oil Sands, Coal Mines Security Not Keeping Pace with Risks

The Alberta Energy Regulator has [reported](#) that oil sands and coal mine cleanup liabilities in 2016 rose to 17 times greater than the dollars held in trust by the regulator to help pay for cleanup, compared to 13 times greater in 2014. Alberta Wilderness Association (AWA) requests that Alberta's Mine Financial Security Program be reformed, and the Auditor General's 2015 recommendations be adopted, to reduce Albertans' risk of major environmental liabilities from these projects.

"The public's environmental and financial risk of being 'on the hook' for poorly reclaimed tar sands and coal mines is increasing, when it should be decreasing," says Carolyn Campbell, AWA Conservation Specialist.

AWA believes more up-front financial security for mine reclamation costs should be provided by operators. The uncertain outlook for carbon-intensive industries, the outstanding ecological importance of the Athabasca River and major migratory bird flyways along which oil sands mines are located make this imperative. Given the complex and unproven reclamation challenges of restoring peat wetlands, surface water and groundwater affected by oil sands mine operations, the risk is significant.

In addition, issues of inadequate financial security and oversight identified in the Alberta Auditor General's [July 2015 report](#) must be addressed. The Auditor General stated that operators' assets may be overstated in several ways: by equating 'probable reserves' with 'proven reserves'; by ignoring development costs to produce these reserves; and by adjusting 'historic' revenues and costs by the same rate to generate 'predicted' revenues and costs, even though prices may well decline faster than costs. Because much of the required security payments come near a mine's end of life, the report noted that the current system may provide incentives to over-state a mine's life and thereby delay security payments.

The Auditor General's report also recommended improved monitoring and verification of operators' financial security calculations. No detailed backup information for these calculations is required, and few audits of security adequacy have been conducted. There is also no process to identify material changes that may occur between operators' annual reports.

AWA believes that more details of operators' reclamation obligations and associated costs should also be provided to the public, in addition to the individual operators' 2016 total financial security levels [reported separately](#) by the AER. To help the public evaluate the adequacy of financial security for mine sites, the disturbed mine site area and cost obligations for terrestrial, wetlands, surface water and groundwater reclamation should be disclosed. Ongoing maintenance and monitoring cost obligations should also be identified.

For more information:

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