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Sierra Club of Canada News Release

Thursday, December 1, 2005

This is Exhibit E referred to in the affidavit of Stephen Hazell sworn before me, this 4th day of January 2008



A COMMISSIONER FOR TAKING AFFIDAVITS

Canadian environmental groups issue declaration on oil sands development

A dozen environmental groups from across Canada issued a declaration today that lays out the minimum conditions for managing oil sands development. The declaration highlights the rapid rate of growth of the oil sands industry, which is outstripping the ability of the federal and provincial governments to adequately protect the regional, national and global environment and climate. It also notes the clear links between inefficient use of transportation fuels in North America and the growing demand for synthetic crude oil from the oil sands.

"Canada urgently needs a long-term, climate-friendly sustainable energy framework that positions us to truly benefit from our enviable mix of energy resources," says Julia Langer, Global Threats Director with World Wildlife Fund Canada. "Irresponsible and inefficient use of transportation fuels in North America is driving tar sands development at a pace and scale that poses significant ecological and climate change risk."

The declaration calls on government to initiate and lead a transition towards a sustainable energy economy that ensures genuine and sustainable prosperity beyond the life of the oil sands.

"It's time to shift subsidies away from the oil and gas sector and direct them towards rapidly expanding the Canadian economy's energy efficiency and low-impact renewable energy industries," says Morag Carter, of the David Suzuki Foundation. "Further, governments must ensure that the public wealth generated by depleting this non-renewable resource is maximized for current and future generations, and that all environmental liabilities are borne by the oil sands industry."

With projections that oil sands production will grow from one million to more than five million barrels per day over the next 25 years, the air, land and water of Alberta's northeastern boreal forest is at risk of severe environmental degradation. "Precautionary environmental limits and a binding regional integrated management plan are needed to manage the cumulative environmental impacts of existing and future oil sands development," says Rick Schneider with the Canadian Parks and Wilderness Society.

"The proposed tar sands developments will tear a hole in Canada's lungs our vital boreal forest ecosystem," says the Sierra Club of Canada's Lindsay Telfer. "It is essential that an integrated land management plan be in place that recognizes and protects the integrity of this critical ecosystem."

As Canada takes action to meet its Kyoto obligations to reduce greenhouse gas emissions, rapidly rising greenhouse gas emissions from the oil sands pose a challenge that must be overcome. "Through improvements in energy efficiency and the purchase of genuine emissions offsets, the oil sands industry can be carbon eutral by 2020," says Dr. Marlo Reynolds of the Pembina Institute. "Given the industry's capacity for technical innovation and financial success, there is no reason why this cannot or should not be achieved."

The declaration sets out the groups' minimum conditions for the responsible development of the oil sands. Along with the declaration, additional context and the detailed conditions are appended and available at www.oilsandswatch.org.

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MANAGING OIL SANDS DEVELOPMENT FOR THE LONG TERM:

A DECLARATION BY CANADA'S ENVIRONMENTAL COMMUNITY

December 1, 2005

Given that

- the pace of oil sands development has far exceeded all original expectations, has exceeded one million barrels per day and is projected to continue to grow to five–six million barrels per day by 2030; [i], [ii]
- the production of synthetic crude oil from the oil sands is being driven by demand for transportation fuels that are being used by an inefficient fleet of North American vehicles; [iii]
- the oil sands industry is linked to both upstream (e.g., increased demand for new natural gas production) and downstream (e.g., refineries and air pollution from end-use) environmental impacts;
- the oil sands industry has successfully attracted international investment attention, is profitable at oil prices above US\$25 per barrel and also receives significant federal and provincial subsidies including a favourable royalty and tax regime; [iv]
- the pace and scale of oil sands development is outstripping the ability of the federal and provincial governments to protect the regional, national and global environment and climate; and
- the federal and provincial governments have made various commitments to sustainable development, maintenance of biodiversity and taking action to combat climate change, and have the opportunity to become leaders in sustainable energy.

The undersigned environmental organizations, on behalf of the environment and future generations, agree that the "license to operate" in the oil sands should be conditional, with any further development of the oil sands resource satisfying the following three conditions:

First, that a regulatory and policy regime be implemented for making the transition to a sustainable energy economy in Canada through the implementation of a long-term national energy framework that positions Canada at the vanguard of a new climate-friendly energy system. A significant first step to addressing the demand for synthetic crude oil, which is predominantly used for transportation fuel in both Canada and the United States, can be achieved through legally binding automobile fuel efficiency standards that ensure more responsible and efficient consumption of this

valuable and non-renewable energy resource.

Second, that this transition be underwritten by a fiscal regime that ensures genuine and sustainable prosperity beyond the exploitation of the oil sands. Central to achieving this condition is the elimination of subsidies to the oil sands industry, implementation of tax and royalty regimes that maximize the wealth of citizens, and utilization of this resource wealth to rapidly increase the Canadian economy's energy efficiency and the deployment of low-impact renewable energy. Further, current and future generations must be protected from potential future liabilities by requiring full-cost bonding of oil sands operations.

Third, that a regulatory and policy regime be implemented that assures the maintenance of environmental integrity. This will require that existing and new oil sands operations are carbon neutral (zero net greenhouse gas emissions) by 2020 through a combination of on-site emission reductions and genuine emissions offsets. In addition, this will require the legal establishment of an ecologically representative interconnected network of protected areas and corridors, prescribed precautionary limits for water use and release, criteria air contaminants, watershed integrity and wildlife habitat, and a binding regional integrated management plan that maintains biodiversity and ensures the resilience of endangered species populations. Additionally a fundamental principle must be to prevent exposing current and future generations to potential catastrophic environmental or human health risks.

These conditions can be implemented without significant macroeconomic impacts through innovation and strong leadership. Only through the satisfaction of these conditions do we believe that Canada will be in a position to develop this energy resource in a responsible manner that will create a positive legacy for current and future generations.

As signatories to this declaration, we will work together and with proactive companies and governments to help ensure these minimum conditions are met for the responsible development of Canada's oil sands.

Signatories:

Canadian Parks and Wilderness Society
Sage Centre
David Suzuki Foundation
Sierra Club of Canada - National
Dogwood Initiative
Sierra Club of Canada – Prairie Chapter
Greenpeace Canada
Toxics Watch Society of Alberta
Pembina Institute
West Coast Environmental Law
Prairie Acid Rain Coalition (PARC)
World Wildlife Fund Canada

[i] National Oil Sands Task Force, *The Oil Sands: A New Energy Vision for Canada* (1995), p.33.

[ii] Alberta Energy and Utilities Board., "ST98-2004 – Graphs and Data – Section 2 Crude Bitumen"(2004), <http://www.eub.gov.ab.ca/bbs/products/STs/st98-2004-data-2-bitumen.ppt>; Source of 2004 data: Alberta Energy and Utilities Board, *Alberta's Reserves 2004 and Supply/Demand Outlook/Overview* (2005), Statistical Series (ST) 2005-98, p.2-.

[iii] The average fleet fuel efficiency of North America's personal vehicles in 2005 is 11.2 liters per 100km. The peak average fuel efficiency in North America, 10.7 litres per 100 km, occurred in 1986 before automakers began selling large volumes of sport utility vehicles. Today, the average fleet fuel efficiency is the same as it was in 1981. Source: Richard Heavenrich , *Light-Duty Automotive Technology and Fuel Economy Trends: 1975 Through 2005* (U.S. Environmental Protection Agency, 2005), <http://www.epa.gov/otaq/fetrends.htm>. Average specific consumption of vehicles in the European Union in 2003: ODYSSEE Energy Efficiency Indicators in Europe, <http://www.odyssee-indicators.org/>><http://www.odyssee-indicators.org/>.

[iv] Foster Natural Gas Report, *Outlook for oil sands production in Canada factors in significant demand for natural gas* (March 11, 2004) citing a study released March 3, 2004 by the Canadian Energy Research Institute entitled *Oil Sands Supply Outlook: Potential Supply and Costs of Crude Bitumen and Synthetic Crude Oil in Canada, 2003-2017*.

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