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Published By: NEWS COMMUNICATIONS since 1977

Saturday April 12th, 2014

ALBERTA OILSANDS LEGAL CHALLENGES BY FIRST NATIONS TO DOMINATE 2014

Simmering disputes over the oilsands between Alberta aboriginals and the provincial and federal governments will break into the open in 2014 as virtually every one of the many recent changes in oversight of the controversial industry comes under legal and political attack.

"All litigation, all the time, is what I see on the horizon," said Larry Innes, lawyer for the Athabasca Chipewyan First Nation.

Over the last 18 months, Ottawa and Edmonton have rewritten the book on resource development. Everything from how aboriginals will be consulted to land use planning to oilsands monitoring to the basic ground rules for environmental assessment has been changed.

Governments say the new regime is more efficient, predictable and transparent. Aboriginals say it violates their rights and ignores their recommendations.

So as aboriginal groups in British Columbia prepare for an expected attack on the Northern Gateway pipeline proposal, Alberta aboriginals are pushing back with a long list of lawsuits either now or soon to be before the courts.

The Fort McKay First Nation is appealing an approval of Brion Energy's plans for a 50,000-barrel-a-day operation northwest of Fort McMurray. It says the province has violated the constitution by setting up an energy regulator expressly forbidden to hear arguments based on aboriginal rights.

The Mikisew Cree and Frog Lake First Nation are before the courts arguing that Ottawa's recent amendments to the Fisheries and Navigable Waters Acts run afoul of their rights.

The Beaver Lake Cree is fighting both levels of government in a case that seeks to force them to consider the cumulative effects of oilsands development when issuing new permits.

A total of 17 First Nations from around Alberta are trying to get legislation on access to public lands tossed out in a long-running case expected to go to trial this year.

The Athabasca Chipewyan First Nation plans to file a lawsuit in January attacking Ottawa's new environmental assessment legislation after the approval of a major oilsands expansion that it says will violate both treaty rights and federal laws.

At the same time, the Alberta government's other major oilsands initiatives are running into heavy weather.

All six First Nations in the oilsands area have requested a statutory review of the Lower Athabasca Regional Plan, the government's attempt to balance development and environmental values. Those same bands, along with many others, have also rejected the province's plans to centralize and control aboriginal consultation.

One major band — the Fort McKay First Nation — has pulled out of the Joint Oilsands Monitoring program, the showpiece federal-provincial effort to monitor environmental change in the oilsands.

Even the Lubicon Cree First Nation are back in court, with another try in a decades-long attempt to win a reserve and get some royalties on energy extracted from what they say is their land.

Alberta Environment and Minister Robin Campbell declined to be interviewed.

"We work with aboriginal leaders and communities in a variety of areas and will continue to do so," said spokesman Kevin Zahara. "We will not speculate on possible legal challenges."

A big part of the problem is simply the scale of development, said Nigel Bankes, professor of resource law at the University of Calgary.

"In the oilsands area, it's really the intensity of the development," he said.

"The treaties give the province the power to take up lands and the argument is there must be a limit to that. That can't be an entitlement to take away all lands (to) which First Nations have historically exercised hunting rights."

Those concerns grow as governments narrow who have the right to air concerns and what concerns they're allowed to raise.

"I think that's a fair characterization," said Bankes, who said that process has been going on for years. "(There's a) very narrow and stringent standing test and I think that does mean there's a level of frustration out there."

Not only are bands barred from raising aboriginal rights at regulatory hearings, two have recently been denied the right to even speak at ones concerning oilsands projects on their doorstep. Lawsuits happen when discussion fails, said Joe Jobin, chief operating officer of the Fort McKay First Nation.

"First Nations have always tried to work with the government on developing a policy that works for First Nations and for industry," he said.

"The frustration is that the input is not being meaningfully considered. It's almost like this attitude, 'Well, if you don't like it, take us to court.'"

The result is higher costs for everyone and uncertainty for industry, said Bankes. He added Alberta increasingly resembles lawsuit-happy British Columbia, which has few treaties.

"What we're seeing now is the same sort of litigation that we've been seeing in B.C. for a long time. This is now being transplanted to the treaty context of Alberta.

"Government has said to itself, 'Things are clearer here, there's more security precisely because we've got treaties.' I guess what the litigation that we're seeing now is calling into question is, is that really true?"

Innes said Alberta bands that have traditionally preferred to negotiate are increasingly through with talking.

"First Nations who have been investing in the process find the process is stacked against them," he said. "Things are coming to a head."

BRITISH COLUMBIA PREMIER UNCERTAIN ABOUT PIPELINE, LNG PROJECTS

It is impossible to say whether the Northern Gateway oil pipeline or liquefied natural gas projects will go ahead in the near future, British Columbia Premier Christy Clark said on Monday.

"I don't know the answer to that," Clark said when asked if Northern Gateway, an Enbridge Inc project to take oil from Alberta to British Columbia's Pacific Coast and on to Asian markets, would proceed any time in the near future.

"It's hard for me to predict the outcome." Canada's regulators recommended on Dec. 19 that the federal government approve the C$7.9 billion ($7.2 billion) project, and Ottawa expects to make its decision by mid-June but it is expected to face legal challenges after that.

The pipeline is fiercely opposed by environmentalists who fear the risk of a spill and the potential for the pipeline to speed the development of Alberta's oil sands. Many of the aboriginal groups, known as First Nations, who live near the proposed route are also fighting to block it.

Clark noted former federal Indian Affairs Minister Jim Prentice, hired by Enbridge to smooth over relations with aboriginal communities, has a good track record.

Separately, she said she hoped some liquefied natural gas (LNG) projects get the corporate go-ahead soon but noted: "These are private-sector decisions and we don't control them. They are looking at their investment all around the world, from British Columbia to Mozambique to Australia to Qatar."

She added: "My job is to do everything we can in terms of the tax structure, readying the work force, making sure we're building relationships with First Nations and communities, so that British Columbia gets to the top of their list of the places (where) they want to invest. So I hope we'll see some final investment decisions by the end of the year, but I can't predict that."

Federal Employment Minister Jason Kenney said proponents of the LNG projects, which would carry British Columbian gas to China and other foreign markets, had made it clear that the biggest barrier was the gap in needed skills.

The federal and British Columbia governments signed labor agreements on Monday which they said would help the LNG plans move forward.

SHALE BOOM TO CUT OIL DEMAND

Ottawa is keenly awaiting President Obama's decision on the 1,179 miles long Keystone XL pipeline, connecting heavy crude oil from bitumen deposits in Canada to the south-eastern refining network of the United States.

The recent US State Department report on the delayed hotly debated Keystone XL pipeline has taken the project one step closer to approval.

The report says the development of the Alberta oil sands is driven by many more factors than a single pipeline and rejects the argument by environmentalists that stopping the pipeline would thwart their development.

"The dominant drivers of oil sands development are more global than any single infrastructure project," and, as such, whether Keystone XL is approved or not, it will have little impact on extraction.

The review though concedes that producing and using a barrel of Albertan oil emits 17pc more greenhouse gas than the average barrel refined in the US, but in the same vein, it also argued that building the pipeline would not have much impact on climate change. Without the pipeline Alberta crude would probably still be produced and shipped to market, through other pipelines or by rail.

And unless the price of oil dropped below $75 a barrel, tar-sands producers could absorb the cost of rail transport, the report said.

Rail freight had risen to 180,000 b/d in Canada by the end of last year, from almost nothing in 2011.

Discussing the possibility of leakage and contamination, deaths and oil spills, as raised by environmentalists, the report underlined that the pipeline would have less leakages, deaths and oil spills, as compared to the rails now more in fashion -- but increasingly under scrutiny especially after the runaway oil train derailment that killed 47 people in Lac Megantic, Quebec, last summer.

Replacing the Keystone XL pipeline with oil-laden freight trains from Canada may result in an average of six additional rail-related deaths per year, the report emphasised.

It also showed that carrying crude by rail, instead of by pipeline, was likely to result in a higher number of oil spills and a larger amount of leakage over time.

Canada's ambassador to the US Gary Doer also added his voice in support of the pipeline.

Stopping the Keystone XL pipeline won't stop an increasing amount of Alberta oil from getting to the Texas Gulf Coast, he underlined; "If you choose not to build the pipeline and have oil by definition coming down by rail, you're going to have higher (greenhouse gas emissions) and higher risk."

With surge in US crude domestic output looming, approval of the pipeline before the well of interest dries up remains strategically important to Canada, most here now agree.

The US shale boom is poised to cut demand for Alberta's light oil. The prospect of a US oil glut "is a risk and the key reason why Suncor and Total decided not to go ahead with another upgrader in Alberta," Patricia Mohr told Jeff Lewis. Not only the pipeline adds to North American energy security, it is also of strategic importance to Canada. If the country doesn't have the infrastructure to transport its energy riches, and ultimately export, it will miss opportunity to sell oil at market value, underlines Brenda Kenny, chief executive of the Canadian Energy Pipeline Association while giving a talk in Guelph. "Economically, we have a problem in Canada," Kenny was quoted as saying by Joanne Shuttleworth.

"We are not getting value for our natural resources. We are trading energy cheap and therefore lagging in our ability to compete in world markets."

Even with 800,000 kilometres of pipeline in Canada, there's still a shortage of pipeline capacity, she added. "If you don't have the capacity to get to market, you lose the opportunity to make money."

If the pipeline gets a green signal finally as is being speculated now, it would be a win-win situation for Ottawa and Washington - at the cost of environmentalists.

DEVON ENERGY'S CANADIAN ASSET SALE ANOTHER SAVVY MANAGEMENT MOVE

Summary

- Devon's decision to sell Canadian natural gas assets to pay for the Eagle Ford acreage from GeoSouthern Energy is a savvy management move.
- The Canadian asset sale continues Devon's transformation from a natural gas focused company to one that expands its oil production business.
- Despite its growth focus, the company remains undervalued relative to peers and could very well be headed to $80.

Five years ago, Devon Energy (DVN) was known primarily as a natural gas producer. The company took a hit as natural gas prices tumbled but since then the company has diversified its operations and is slowly transforming itself into an energy company that's much better positioned for the future. Devon's recent Canadian asset sale is a shining example of that and the stock price is finally starting to reflect these changes.

In the beginning of April, Devon officially completed the sale of some of its natural gas-focused assets in Canada to Canadian Natural Resources (CNQ) and expects to net around $2.7 billion. The transaction is Devon's latest move to divest itself of its non-core assets and properties and comes on the heels of its $6 billion purchase of assets and properties in the Eagle Ford shale from GeoSouthern Energy.

Devon made the Eagle Ford purchase almost entirely in cash and debt and will use the proceeds from the Canadian asset sale to pay off the debt incurred in the Eagle Ford acquisition. In just two transactions, Devon transformed non-core natural gas assets in Canada into core oil producing assets in an area of the country that could ultimately be one of the largest oil fields in the world. It's a savvy move that rapidly broadens Devon's energy exposure to higher margin oil.

Here's another reason why the transaction is important. By using cash, the company already had on hand to make the Eagle Ford purchase, Devon turned a zero earning asset into an asset that could potentially yield significant returns if the company is able to pull to the surface the amount of oil it expects to. Considering that the Eagle Ford acreage is expected to nearly triple its current daily output by 2017, these moves position Devon very well for the next several years.

And the street seems to like what it sees. After bouncing around for most of 2013, the stock price is finally showing what might be a meaningful sustained breakout since it hit the 70s back in early 2012. Twice in the last six months the stock price hit resistance at $65 only to retreat. A couple weeks ago when the stock hit $65 for a third time, it powered through the glass ceiling almost reaching $70 intraday.

Revenue and earnings forecasts suggest that Devon's stock has solid fundamental support and the current run might have legs. Devon's beaten earnings estimates for the last several quarters. Revenues are expected to grow 20% in 2014 and another 7% in 2015. After reporting 2013 earnings per share of $4.26, Devon is expected to earn $5.58 per share in 2014 and $6.34 in 2015. The stock carries a forward P/E ratio of under 11 and its PEG ratio of 1.62 sits well below both the industry and S&P 500 ratios.

Considering the Eagle Ford potential coupled with management's ability to transform the company's asset composition, this is clearly a company with solid growth potential with value characteristics.

Conclusion

Devon's management team has demonstrated that it knows what it wants the company to be going forward and that's a company that's shifting its focus away from natural gas and towards producing higher margin oil. The Eagle Ford purchase could ultimately end up paying huge dividends as production continues to ramp up. I think this is a management team that's made the right moves lately.

If Devon hits its 2015 earnings per share target at a multiple of just 12, we're looking at a price of about $76 - roughly 12% above the stock's recent price. It doesn't seem like an unreasonable target given Devon's recent merger with Crosstex Energy, its increased presence in Eagle Ford and its transition away from natural gas to oil. Given the positive catalysts and the company's history of beating estimates, one could easily see earnings coming in above expectations. A multiple expansion even a little bit to 13-14 would be a best case scenario.

COMMUNITIES WANT MORE INFORMATION ON SHALE GAS

New Brunswickers who are on well water want to know more about the development of natural resources that the province intends to move forward with.

Neville Stewart, a resident of Penniac, NB, said in an interview with Global News that he'd like to know more about what a shale gas industry could do to his water.

"Everybody has an agenda. Who are you going to believe? There's just not enough information," Stewart said.

Communities across the province, like Penniac, are coming together to say they aren't opposed to shale gas but would like to have more information about the industry.

"If the province goes through with fracking in these areas, or furthers it, what will happen to the wells?" said Ashley Bennett, a resident of Hillsborough, NB.

"I want to know what happens after. Are the wells okay? What are the levels of gases in the wells afterwards? What will the province help to do if something goes wrong with the well?"

The New Brunswick Energy Institute held a roundtable discussion Friday. It included researchers from the University of New Brunswick, members from First Nations communities, and a representative from Southwestern Energy – the natural gas and oil company exploring for shale gas in New Brunswick.

The Institute said they work to gather and present information to the public.

"We looked at research that would give information to us, and we're not presupposing what that information is going to say, and that information, whatever turns out, goes public as well as to the government," said David Besner, Interim Chair of the New Brunswick Energy Institute.

More discussions will be held in communities across the province, to answer questions and talk about the research they've recorded.

TORONTO NDP CANDIDATE BACKS DOWN ON ANTI-OILSANDS RHETORIC

The NDP's expected candidate in the upcoming Toronto byelection is backing down on some of his harsh criticisms of Alberta's oilsands.

Joe Cressy, a former environmental activist who is expected to be nominated next week in Olivia Chow's vacated Trinity-Spadina riding, has called the oilsands "dirty oil" that have no place in the Canadian economy.

The former campaign coordinator for the Polaris Institute also helped develop a tar sands video game, targeting the Liberals and Conservatives, that is still accessible online.

Cressy now says his "approach" has changed.

"The debate over the oilsands has changed over the years and certainly my approach has changed," he told Global News in an interview.

"I have serious concerns, as do many people in my generation, about the environmental impact of unregulated development."

Cressy said he also worries about the impact on downstream First Nations communities.

When asked if he still believes what he said previously, Cressy said, "I think I just answered your question about four times."

His apparent reversal comes as the NDP is fighting another byelection battle in the heart of oilsands country – Fort McMurray, Alta.

It could serve as a window to the party's shifting attitude towards oilsands development. NDP leader Tom Mulcair has taken a softer tone than his predecessor, the late Jack Layton, who said in 2011 he would cut fossil fuel subsidies for the "tarsands."

Mulcair directed questions to his assistant Wednesday and left a scrum after being asked about the challenges facing the NDP regarding its candidates' oilsands stance.

PIPELINE LEAKS 70,000 LITRES OF OIL, WATER

A pipeline owned by Canadian Natural Resources Limited has spilled 70,000 litres of oil and processed water northwest of Slave Lake, Alta.

The Alberta Energy Regulator

says the breach happened on Monday and was reported by CNRL (TSX:CNQ) the same day.

The regulator says the spill is not an emergency, the oil is not near any people, water or wildlife, and a cleanup is underway.

Low amounts of hydrogen sulphide gas were also detected.

Greenpeace Canada says CNRL has had almost twice as many pipeline incidents as other companies in Alberta.

Calgary-based CNRL said most of the spill – 68,250 litres – is processed water and all the oil has been recovered.

"Full fluid recovery is almost complete," Zoe Addington, public affairs adviser for CNRL, said Wednesday in an email to The Canadian Press.

"The leak was a result of an onsite, above ground pipe failure and leaked for less than three hours."

The company is investigating.

SASKATCHEWAN INVESTS IN CARBON CAPTURE AND STORAGE RESEARCH

The provincial government announced a new funding agreement Wednesday with the Petroleum Technology Research Centre (PTRC) to support carbon capture and storage research in Saskatchewan.

The $400,000 investment will go towards the Saskatchewan CO2 Oilfield Use for Storage and EOR (CO2-EOR) research project and will supplement funding from the United States Department of Energy (DoE).

Researchers will look into technical issues such as well bore integrity, predicting CO2 migration underground and identifying effective monitoring techniques.

"Promotion and development of CO2 enhanced oil recovery methods provides the province with both economic and environmental benefits, and will help us meet our oil and gas related objectives," said Tim McMillan, Saskatchewan's energy and resources minister.

Funding will also allow Regina-based PTRC to continue their mandate to conduct CO2 enhanced oil recovery research designed to increase oil production in the province.

"Recognition of CO2-EOR as valid geological storage is an important part in the commercial deployment of carbon capture and storage," said PTRC CEO Ken From.

This project will build upon previous research undertaken by PTRC on the Weyburn-Midale CO2 Project, which was completed several years ago.

The joint work with the U.S. and PTRC will also address emerging issues that could potentially constrain future carbon storage activity in the world.

WHY CANADIAN OIL SANDS (COSWF) COULD BE POSITIONED FOR A SURGE?

Canadian Oil Sands Limited (COSWF), an oil and gas exploration and production company, could be an interesting play for investors. That is because, not only does the stock have decent short-term momentum, but it is seeing solid activity on the earnings estimate revision front as well.

These positive earnings estimate revisions suggest that analysts are becoming more optimistic on COSWF's earnings for the coming quarter and year. In fact, consensus estimates have moved sharply higher for both of these time frames over the past four weeks, suggesting that Canadian Oil Sands could be a solid choice for investors.

Current Quarter Estimates for COSWF

In the past 30 days, 1 estimate has gone higher for Canadian Oil Sands while only none moved lower in the same time period. The trend has been pretty favorable too, with estimates increasing from 37 cents a share 30 days ago, to 60 cents today, a move of 62.2%.

Current Year Estimates for COSWF

Meanwhile Canadian Oil Sands' current year figures are also looking quite promising, with 1 estimate moving higher in the past month against none moving lower. The consensus estimate trend has also seen a boost for this time frame, increasing from$1.96 per share 30 days ago to $2.16 per share today, an increase of 10.2%.

Bottom Line

The stock has also started to move higher lately, adding 8.1% over the past four weeks, suggesting that investors are starting to take note of this impressive story. So investors may definitely want to consider this stock to profit in the near future.

PALLISER OIL & GAS CORPORATION ANNOUNCES STRATEGIC REVIEW AND APPOINTMENT OF FINANCIAL ADVISOR

Palliser Oil & Gas Corporation ("Palliser" or the "Company") (TSXV:PXL) announces that in light of operational challenges and financial constraints facing the Company, the board of directors of Palliser (the "Board") is conducting a strategic review of the Company's business plan to identify appropriate actions for the Company. The strategic review is examining and considering the alternatives available to the Company with a view to enhancing shareholder value. Management and the Board are committed to acting in the best interests of the Company and its shareholders.

Palliser has retained National Bank Financial Inc. to act as its financial advisor in connection with the strategic review.

Palliser does not intend to disclose developments with respect to the strategic review unless and until the Board has approved a change to the business plan or any particular transaction or otherwise determines that disclosure is required or appropriate. There can be no assurances or guarantees that the strategic review will result in any change to the current business plan or the pursuit of any alternative plan.

In the first quarter of 2014 average production was approximately 1,850 boe/d and current production is in the range of 1,800 to 1,900 boe/d. Palliser had a minimal capital program of approximately $2 million in the first quarter, primarily focused on maintenance capital and lease preservation.

Year end financial statements are expected to be released on or about April 29, 2014.

RAISE PRODUCTION INC. PROVIDES TESTING UPDATE

Raise Production Inc. (TSX-V:RPC) ("Raise" or the "Company") is pleased to provide its shareholders with an update regarding recent field testing of its horizontal wellbore production system (the "System").

As previously reported, the first "commercial" type System replaced the two pump prototype System in January, 2014 in a Viking reservoir near Kindersley, Saskatchewan.

The "commercial" type System comprised of multiple pumps was deployed along the entire horizontal length of the wellbore. In mid-February it was determined that a threaded connection utilizing a thread sealing compound had failed during the installation or immediately thereafter, compromising System function. In response, Raise retrieved the System from the wellbore and returned it to the Company's facilities for diagnostic testing. Testing indicated that all Raise manufactured components were in good working order and the issue was corrected with a change to installation procedures. The System was successfully redeployed, with appropriate modifications, and in-field testing resumed in March. Although unplanned, this operation demonstrated again that the System can be deployed and retrieved in close tolerance wellbores without issue.

Based on testing to date, the System is working in accordance with Raise's theoretical framework of horizontal well flow. The Company has documented strong results from the horizontal section, including higher shut in pressures indicating that the less depleted sections of the reservoir are now being accessed. Dynamic flow changes in oil, water and gas along with the production of segregated water indicate the System is "sweeping" the wellbore as predicted. This "sweeping" effect is important as it reduces the frictional effects of the fluids in the wellbore and in turn, allows for a more efficient production path along the entire horizontal length.

The Company is continuing to "optimize" this new flow regime from the wellbore and will be in a position to complete this as soon as road bans are lifted and additional surface production equipment, not associated with our System, can be moved on location.

Initial testing to date has indicated 300% to 400% flow rate increases over certain short-term test intervals. It must be noted that the Company has not conducted long term production testing on this wellbore and no assurances can be given about sustainability of these increases.

Raise further cautions that these results are based on intermittent testing due to the lack of surface production equipment arising from the new flow regimes the System has created in the well. Additional surface equipment will be installed after road bans are lifted. The Company will continue to perform long term testing and monitor well production throughout the summer to capture System performance and production data.

In addition to this update, Raise is pleased to inform shareholders that it is in negotiation with a new customer for its first commercial sale of a System for a well in the Provost area of Alberta, again in the Viking formation. The Company is also performing sample testing of oil for a third potential customer in the Slave Point formation in Northern Alberta.

OIL AND GAS MARKETS STILL RESPONDING TO DRAMATIC CHANGES, SAYS NEB REPORT

Today the National Energy Board (NEB or the Board) released its Canadian Pipeline Transportation Report 2014 (Transportation Report). This energy market assessment provides information about the major pipelines regulated by the Board, and assesses the economic functioning of the pipeline transportation system.

The Transportation Report highlights how Canada's pipeline system has been impacted by the dramatic shifts in oil and gas markets over the last eight years. Technological advances have made large-scale production of shale oil and shale gas economically viable, and alongside the growing shale oil production, Canadian oil sands production continues to grow. As a result, existing oil pipelines are generally full, new oil pipeline projects are underway, and more oil has been moving by rail. New sources of U.S. natural gas are entering Canada through Ontario, reducing throughput on TransCanada's Mainline from Alberta to markets in the east.

Tolls increased notably on the TransCanada and Enbridge Mainlines. However, tolls on most pipelines were stable from 2008 to 2012.

The National Energy Board is an independent federal regulator of several parts of Canada's energy industry with the safety of Canadians and protection of the environment as its top priority. Its purpose is to regulate pipelines, energy development and trade in the Canadian public interest.