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FOR CANADA, TAR SANDS ARE BIGGER THAN KEYSTONE XL

If it is ever built, the Keystone XL Pipeline will exist for one reason: To move Canadian tar sands oil from remote Alberta to refineries in Texas.

For the U.S., controversy over the tar sands is about Keystone XL Pipeline construction jobs, local environmental problems with the pipeline, carbon emissions and the political stability brought by burning North American crude oil, which means importing less of it from overseas.

For Canada, the story of the tar sands' future hinges on the great economic pressure the country is feeling to bring its vast reserves of crude oil to market.

With more than 10 percent of the world's proven crude oil reserves, Canada is behind only Venezuela and Saudi Arabia among the world's nations with the most recoverable crude. Canada ranks fifth behind China, the U.S., Russia and Saudi Arabia for greatest oil production. That ranking may be bolstered in the future because the Alberta government is planning to expand oil production to

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The centerpiece of this stunning home is a specially imported water feature spanning two floors. This incredible piece of living art is representative of the three cornerstones of this home's unique appeal and amazing value: quality, functionality and harmony with nature. The materials and colours for 636 Devonian were painstakingly selected to blend the inside of the property with the natural beauty of the Okanagan. The waterfall at the front of the home and the pond in the back tie in with the interior feature to help complete the feeling of balance between the outdoors and indoors. Functionality in all of its guises awaits the most discerning of buyers. This home is built for the chef, the entertainers and the lover of the outdoors. Quality craftsmanship is a hallmark of the Quarry subdivision, and nowhere is it more apparent than at this stunning address.

about 3.7 million barrels per day by 2021, a roughly 2 million barrel-per-day increase over today's production.

The challenge for Canada, though, is getting that oil to world markets. Today, the pipeline capacity doesn't exist to ship all the crude oil Alberta wants to produce to the refineries in Texas along the Gulf of Mexico or

Canadian coastal ports, which would open up markets in Asia and Europe, if Keystone XL is not constructed.

If it's built, the Keystone XL would pipe 830,000 barrels of tar sands crude oil daily. But it comes with a climate cost: The full development of an only partially tapped store of hydrocarbons could mean a vast new

source of greenhouse gas emissions will be introduced to the world. The production and processing of that oil releases 17 percent more carbon emissions than the average barrel of crude oil produced elsewhere, according to the U.S. State Department's Final Supplemental Environmental Impact Statement for the pipeline, released in January.

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Until the Obama administration began wavering on its decision on Keystone XL, the pipeline was a major part of Canada's strategy to capitalize on its vast oil sands reserves. The Obama administration announced in April that a decision on the pipeline has been postponed indefinitely, casting doubt on its future.

Though some studies have suggested that much of the crude oil Keystone XL is expected to pipe into the U.S. will be exported to other countries once the oil is refined, the U.S. Gulf Coast is the pipeline's intended market and final destination. Keystone XL would drastically increase pipeline capacity to refineries in Texas, where the oil would be refined into gasoline and other petroleum products.

It's an open question where the refined tar sands oil piped through Keystone XL would go after being refined on the Texas Gulf Coast. Overall, exports make up a small fraction of U.S. refineries' business. But most of those exports come from the Gulf Coast region tar sands oil would be destined for.

U.S. refineries produced about 6.7 billion barrels of gasoline and other refined petroleum products in 2013, and about 15 percent of that - roughly 1 billion barrels - were exported that year, up from 327 million barrels in 2003, U.S. Energy Information Administration data show. About 30 percent of the refined petroleum coming from Gulf Coast refineries was exported last year.

Even with those exports, the U.S. market for tar sands crude

is a big one. But if the U.S. State Department does not approve the Keystone XL, Canada would likely market much of its tar sands crude overseas, requiring major new pipeline projects and, possibly, rail lines to get the crude to port.

Already, a glut of Canadian oil has been trapped at an oil distribution hub in Oklahoma because of increased tar sands production and new oil being produced in the Bakken shale region of North Dakota. The southern leg of the Keystone XL Pipeline, which is already operating between Oklahoma and Texas, has relieved some of that glut.

"The combined effect has been to move more Canadian product to world markets, which has also raised its price," said Steve Kelly, former U.S. diplomat and a visiting professor of public policy and Canadian studies at Duke University.

With billions of dollars at stake, it's the kind of economic opportunity for the oil industry and for Canada itself that ensures another separate pipeline project will be built regardless of the fate of Keystone XL, Kelly said.

"The long-term outlook for Canadian oil sands production is not closely linked to the fate of Keystone XL," Kelly said. "It might have been in 2008 when TransCanada made its first application for (a permit), but the situation has changed in fundamental ways since then."

The lack of pipelines in the tar sands region has forced the industry to rely on railroads to bring their oil to market, a situation similar to the Bakken shale oil fields in North Dakota,

from which crude oil is taken by train to destinations all over the U.S.

"Railroads are a less desirable way to move oil for safety and environmental reasons, but the continuing delays in Keystone XL have forced producers to go this route," Kelly said.

That economic incentive has made the energy industry the driving force in Canada. The government of Canadian Prime Minister Stephen Harper has been forced to rely on the extractive industries in Canada, particularly the oil sands, as manufacturing has declined.

In the U.S., the battle over Keystone XL is primarily about climate change-driving carbon emissions produced from burning tar sands crude.

In its environmental review of the pipeline project, however, the State Department said that the Keystone XL Pipeline will not have any significant effect on how much carbon is released into the atmosphere. The market pressure for the oil industry in Canada to extract the tar sands is too great, and that crude oil will be burned and the resulting carbon will be emitted into the atmosphere regardless if Keystone is built,



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according to the State Department. The State Department's analysis says that if Keystone XL is not built, the alternatives Canada will consider, including building new pipelines and rail lines within the country, will result in up to 42 percent more CO2 being emitted than if Keystone XL goes forward.

Those opposing the pipeline, including many climate scientists, say debating how Keystone XL will affect carbon emissions or the fate of the Canadian tar sands in the long run miss the point. U.S. approval of the pipeline would symbolize America's lack of commitment to taking action on climate change, they say.

"This struggle is not over the Alberta tar sands, but is rather about the direction of America's (and more generally the global) energy future," Ken Caldeira, a climate scientist at Stanford University's Carnegie Institution of Science, said via email. "Keystone XL has become a symbol for Obama: Is our energy future to be based on expanding the most polluting of last century's fossil fuel industries, or are we going to be serious about building the near-zero emissions energy system of the 21st Century?"

Alternatives to Keystone Whatever the fate of Keystone XL, Canada has several options on the table for getting tar sands oil to market and helping to ensure the Alberta oil industry's future.

"There was a strong expectation that we would see some decision on Keystone XL this year, but there

are many alternatives that have been put on the back burner," said Greg Stringham, vice president of the Canadian Association of Petroleum Producers. "Those projects are now coming to the forefront as alternatives."

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These include continued heavy reliance on rail and four proposed oil pipeline projects now in various stages of the regulatory approval process to transport the oil to refineries across North America and possibly Europe and Asia.

Two of the proposed pipelines would send the oil east from Alberta and two would send it west.

One of those projects, TransCanada's proposed Energy East pipeline, would be able to send more than 1 million barrels of oil to Canada's east coast, possibly to refineries in New Brunswick. It would be North America's largest oil pipeline.

The Canadian company Enbridge has two major pipeline projects in the works, including the Northern Gateway project, which was approved by the Canadian government in June.

The Northern Gateway pipeline would send about 500,000 barrels of oil-rich bitumen daily from central Alberta to port at Kitimat, B.C., on the Pacific Coast. It is expected to open up Asia as a primary market for Canadian oil sands crude.

Government approval of the project came with 209 environmental conditions for Enbridge to meet and it faces legal challenges and major public opposition in British Columbia, especially from First Nations tribes who fear the possibility of a major oil spill along the Canadian coast and in the Rocky Mountains.

"The project itself is years away from completion and there are very significant hurdles ahead," said Warren Mabee, associate director of the Queen's Institute for Energy and Environmental Policy at Queen's University in Kingston, Ontario,

adding that First Nations tribes in Canada have enough power to delay the project, possibly for many years.

Another project, called Line 9, has recently been approved to bring crude oil to Montreal so it can be refined in eastern Canada. Another project by energy company Kinder Morgan would expand an existing western pipeline that would bring oil to port in Vancouver, B.C.

Mabee said Canada's approval of Northern Gateway could impact the Obama administration's stance on Keystone XL.



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"Actually, the only effect I think approving Northern Gateway could have is to reduce the pressure on the U.S. government because they can say that Canada is finding their own way to move product to market," he said, adding that the conditional approval of Northern Gateway signals the Canadian government's continued support for major pipeline projects, which could add momentum behind the other pipeline proposals on the table.

If Keystone XL fails but the other pipelines are built, Canada would have pipeline and rail capacity to carry the oil sands crude to market.

"So, I don't think the success or failure of Keystone XL will impact future production much," Mabee said. "This echoes what the U.S. State Department has said in their reports."

But there is strong opposition from Canadian First Nations and many others to oil pipeline expansion in Canada because of the possible environmental consequences of building pipelines across the Rockies and fear of spills and damage to wildlife habitat, salmon runs and clean water.

Stopping any single pipeline or rail project wouldn't stop oil sands development, and even stopping all the pipeline proposals wouldn't keep oil sands production from expanding, Mabee said.

The push for expanded tar sands development in Alberta is likely to outlast the Harper government as well, he said. Regardless of the party leading the

Canadian government once Harper's tenure is over, tar sands extraction is unlikely to slow significantly.

"Governments rely too heavily on these revenues right now," though a more liberal government may be more inclined to try to push the Canadian economy toward the tech sector and away from extractive industries, Mabee said.

"In the long term, the energy industry might find their options more constrained in terms of getting productions from oil sands to markets," he said. "No matter what the government, however, I don't think that the options will drop to nothing."

In the future, Canada may see more emphasis on rail instead of pipelines. "One policy plank I fully expect some government to explore is the creation of a 'safe rail' corridor to move resources from the various far-flung parts of Canada to deep water ports," Mabee said.

He said the advantage of rail over pipe in Canada is that rail can support multiple industries, while pipelines support only one - the oil industry.

But the long term might bring about a philosophical change in society's approach to the tar sands, said David Archer, a University of Chicago climate scientist and professor focusing on the global carbon cycle, climate change and aqueous chemistry.

"I think it's only a matter of time before people see fossil fuel consumption as an ethical issue," he said. "You deal with ethical issues over and above the economic implications

of that. People will decide that it's wrong and they'll vote against it."

That kind of environmental opposition to oil sands development is likely to take decades, however, Archer said.

For Kelly, the bottom line for the future development of the oil sands is clear: Crude oil prices will favor the oil sands in the future, and that means at least one of the proposed pipelines will be built.

"Taken together, these factors suggest that with or without Keystone XL, the Canadian oil sands will be developed, and the oil

will still move to markets," Kelly said. "U.S. environmental opposition may have slowed this process slightly, but it will probably not stop it."

CANADA LAUNCHES MISSION TO MAP ARCTIC SEABED

Canada has launched a mission to map the Arctic seabed to support its bid to extend its territory up to the North Pole.

The six-week mission comes in the face of competing claims from

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other countries, including Russia. Two ice-breakers are setting out from Newfoundland to collect data from an undersea ridge that starts near Ellesmere Island and runs to the Pole. The region is believed to include large oil and gas reserves.

Last December Canada filed an application with the UN seeking to vastly expand its Atlantic sea boundary.

Russia and Denmark have also made competing claims on a vast area of Arctic seabed around the Lomonosov Ridge.

All three countries are seeking scientific proof that the ridge is an underwater extension of their continental shelf.

The area is estimated to hold 13% of the world's undiscovered oil and up to 30% of its hidden natural gas reserves.

A Canadian government statement said the first icebreaker had left St John's, Newfoundland, on Friday and the second would depart on Saturday.

"Our government is securing our sovereignty while expanding our economic and scientific opportunities by defining Canada's last frontier," said Environment Minister Leona Aglukkaq.

"This is important to Canadians, especially those in the north, as this is their future and prosperity at stake."

Under the UN Convention on the Law of the Sea, a coastal nation can claim exclusive economic rights to natural resources on or beneath the sea floor up to 200 nautical miles

(370km) beyond their land territory. But if the continental shelf extends beyond that distance, the country must provide evidence to a UN commission which will then make recommendations about establishing an outer limit.

FIRST NATIONS TAKE THEIR LAST MARCH THROUGH CANADA'S DYSTOPIAN TAR SANDS

The fifth and final Tar Sands Healing Walk took place on June 28 in Fort McMurray, Canada. Hundreds of people joined First Nations leaders in a prayer-filled walk around the refineries and "land reclamation" projects operated by the oil company Syncrude.

"This isn't protest or a rally," organizer Crystal Lameman told the participants in the walk. "This is a spiritual gathering with prayers and ceremony in order to help bring all of us to an understanding about how bad this is and why it has to stop. The best way to stop it is at the source. So we need to start here."

The Healing Walk gathering took place from June 27 to 29, with workshops and traditional ceremonies leading up to Saturday's walk. A lot of discussion this year centered on the Canadian Supreme Court's unanimous ruling, announced the day before the gathering, which granted aboriginal title to the Tsilhqot'in Nation. The decision may set a precedent for other First Nations, allowing them better footing in their fight against

tar sands pipelines and other forms of industrial development.

In this final year of the Tar Sands Healing Walk, organizers were quick to point out that their fight is not yet won. Far from it, as tar sands extraction is ramping up in Canada.

Yet, just within the last five years, awareness about the issue has spread at a tremendous pace. And this year's Healing Walk drew participants from all over world, including, for the first time, a Gulf Coast delegation from Houston, Texas, and Mobile, Ala., where

tar sands refining and storage is set to take place this year.

"We wanted to come see the source of what will be coming to our area and learn what can be done to stop it," said Mae Jones, who came with the Alabama delegation. "We are honored to be part of the walk this year."

The organizers of the Healing Walk also said that, although this is the last year of the event, upcoming projects are being planned that will be just as important.

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