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B.C. PREMIER NOT CONCERNED ABOUT PETRONAS THREAT TO PULL OUT OF $10-BILLION LNG PROJECT

B.C. Premier Christy Clark says she's not concerned Malaysian state-owned energy company Petronas is threatening to pull out of a liquefied natural gas project on the north coast of British Columbia, saying it's all part of negotiations.

The Financial Times on Thursday reported that Petronas chief executive Shamsul Abbas was ready to call off the $10-billion project amid a delayed regulatory approval process, plans by the provincial government to impose an LNG tax and a "lack of appropriate incentives."

"Rather than ensuring the development of the LNG industry through appropriate incentives and assurance of legal and fiscal stability, the Canadian landscape of LNG development is now one of uncertainty, delay and short vision," Abbas told the Financial Times.

Petronas is considered to be the closest to a decision on building an LNG export facility in B.C. If it does decide to withdraw, it could be a serious blow to Clark's plans for LNG to be B.C.'s major economic driver in the coming decades.

Despite the threat, Clark said she's confident Petronas won't pull out, and that the company was simply bargaining in public.

"We're negotiating and this is part of negotiations," Clark said at a meeting with Chinese delegates from Guangdong province in Vancouver on Thursday. "What Petronas is doing is standing up and trying to get the absolute best deal they can get for their shareholders … and we're trying to get the best deal for British Columbians. That's the process."

Abbas is expected to visit Canada later this week.

If the energy company did call it off, Clark said, there are still 15 companies on the hunt for LNG resources in Canada, including Shell, Chevron and Exxon, among others.

"I am very hopeful the Petronas deal is going to go ahead; ultimately, the decision is in their hands," she said.

While it's not unusual to have a major company fire a warning shot over multi-billion-dollar projects, it should serve as a sign that the government needs to have a financial structure in place as soon as possible to avoid losing this potential investment, according to an economic analyst with HSBC.

David Watt, HSBC's chief economist and expert on Canada-Asia trade issues, said while other countries like the U.S. and Australia are moving forward with LNG projects, B.C. is in a period of stasis.

"We need to get the environment for LNG investment settled in Canada quickly or we will begin to fall behind and potentially miss the boat," said Watt. "I think Petronas

29-Sep-14				
	Active	Down	Total	% Active
Western Canada				
AB	294	272	566	52%
SK	87	63	150	58%
BC	45	21	66	68%
MB	14	10	24	58%
WC Total	440	366	806	55%
Eastern Canada				
QC	-	1	1	0%
Canada	440	367	807	55%

has already fired off several warning shots, and this is renewing the idea that there is an urgency to get this final investment decision done."

The B.C. government proposed earlier this year a two-tier LNG tax on income from liquefaction of natural gas at facilities in B.C. Premier Christy Clark promised to have finalized all government-imposed LNG costs by Nov. 30, including taxes, as well as costs related to meeting environmental standards and First Nations compensation. Petronas and Pacific Northwest LNG had warned the government tax burden was very large, and it needed clarity to make its final investment decisions.

Petronas is leading the Pacific Northwest LNG project near Prince Rupert. The company holds a 62-per-cent stake in the project.

"We're still working hard toward a final investment decision by the end of the year," said Spencer Sproule, a spokesman for the project, which also includes partners from China, India, Japan and Brunei.

Its partners include China's Sinopec with a 15-per-cent stake, Japex Montney with 10 per cent, Indian Oil Corp. Ltd. with 10 per cent, and PetroleumBrunei with three per cent.

Pacific Northwest LNG is one of several projects that various companies have been considering as a way to export natural gas by tanker from the West Coast.

Watt said while B.C. is waiting for the province, the U.S. is redeveloping its LNG import facilities to export facilities, giving then infrastructure advantage.

"For companies that want to start exporting LNG from B.C., they are going to have large capital needs over the next few years and so they will want to start as soon as possible," he said.

"The critical part is that we can't delay any further. This could send a signal to other potential energy projects about the (economic) environment for investing in LNG in B.C. And that could be crucial because we have many other projects heading toward investment decisions."

NDP MLA John Horgan, speaking Thursday at the UBCM meeting in Whistler, said he has met with Petronas officials in Vancouver and he was not surprised that they are concerned and anxious, adding that it sounds like they are negotiating in public.

"If that means that Mr. Coleman has got his eraser out and is scratching something down on an envelope, that speaks to a government not prepared for the opportunity of a lifetime," he said

Rich Coleman, B.C.'s Minister of Natural Gas Development, told a group of municipal politicians at the Union of B.C. Municipalities convention this week that they need to make sure they don't raise industrial tax rates so high they scare off potential projects.

Minister Mary Polak deferred to Coleman on taxation issues, but said the Petronas project is on track with their timeline.

"There is nothing unusual about it and nothing delaying. It appears to be going along exactly with the timelines they have asked us for," she said,

Pressed further on why Petronas' chief is now saying something different, Polak suggested he's not getting complete information from his own staff on the ground.

If Petronas leaves, it won't be the first energy company to depart B.C. in recent months. On July 31, Apache said it would exit the Chevron-led Kitimat LNG project, the first to have received a permit to export the fuel from federal regulators in 2011. Chevron said Aug. 1 that it will seek a new partner.

The B.C. government's proposed LNG tax regime, which was unveiled in the February provincial budget, includes seven per cent on income from LNG facilities after capital costs are recovered.

The Clark government promised an LNG windfall for the province in last May's provincial election, saying it could reap billions in revenue that would help pay for government services and erase the province's debt.

CANADA LOSING ANTI-OIL WAR

Over the screamed objections of 100 foreign-funded eco-lobbyists, the Northern Gateway Pipeline proposal was given regulator approval last year.

The Keystone XL pipeline has been delayed for six years by President Barack Obama for political fundraising reasons, but it is a near certainty it will be approved when he's gone, either by a Republican president, or by Hillary Clinton who was supportive of it when she was secretary of state.

The new premier of New Brunswick may be against fracking, but he wholeheartedly approves of the proposed Energy East pipeline, taking oilsands oil to his province.

And Line 9, the Ontario pipeline, is being reversed. It now takes oilsands oil into Ontario, and will ultimately take it to Montreal.

Oil continues to move by rail in record amounts. Earlier this month, Suncor sent 700,000 barrels of oilsands oil by rail to Montreal, where it was loaded onto a tanker bound for Italy.

And this month Canada set a new record for oil exports to the U.S. - 3 million barrels in a single day. The growth was all by rail.

But if things are so good, why are things so bad?

Last week, Statoil, the Norwegian-based oil and gas giant, announced it was pulling the plug on a multi-billion-dollar oilsands project in Alberta. The environmentalist war against the oilsands and its pipelines has just made investing in Canada uneconomic.

Part of the problem was costs. But "market access issues also play a role - including limited pipeline access which weighs on prices for Alberta oil, squeezing margins and making it difficult for sustainable financial returns."

Statoil does business in Libya, Russia, Myanmar, Algeria, Nigeria and Azerbaijan.

They can make a go of it anywhere; except in Alberta.

See, there's no multi-million-dollar "environmental" lobby cutting off pipelines to Algeria or Libya. Greenpeace doesn't care about stopping conflict oil, just Canada's ethical oil.

That's billions of dollars in construction and engineering that won't be spent here. And tens of billions in salaries from the men and women who would have worked in that oilsands plant for decades and billions in tax dollars for the rest of us.

Statoil's decision comes soon after the announcement by France's Total to put its $11 billion oilsands project on ice.

That's just construction probably $100 billion over the lifetime of the project in salaries. Same rationale - between regulatory delays, pipeline access and environmental risk, Total can do better elsewhere. They do business in 130 countries. If Canada doesn't want them around, they can take a hint. This spring, Total signed a massive agreement with Vladimir Putin to produce oil and gas there.

And then the president of Petronas visited Canada. That's the Malaysian oil and gas company, worth $50 billion. Their investment in Canada isn't oilsands - it's clean natural gas, produced through fracking. British Columbia hopes to liquefy that gas, put it on tankers and sell it to Asia, where gas sells for quadruple what it does here.

Last week, Petronas CEO Shamsul Abbas, who is seeking tax breaks and incentives from the B.C. government, said Canada lacks "legal and fiscal stability" and "the Canadian landscape of LNG development is now one of uncertainty, delay and short vision."

Petronas does business in every Third World country you can imagine, including hellholes like Sudan. But Canada's lack of an investment-friendly environment is scaring them away.

Three deals $30 billion in investment vaporized, in part, by foreign environmentalist lobbyists.

Canada is losing.

WILLIE NELSON, NEIL YOUNG PLAY TO THOUSANDS PROTESTING KEYSTONE XL

Art and Helen Tanderup gazed with amazed smiles at the thousands of cars parked on the stubble of their recently harvested cornfield on Saturday, at the stage set up in their rye field and at the ocean of people standing in front of it.

"It's unbelievable. It's absolutely amazing this is happening," said Art just before the start of Harvest the Hope.

The sun shone in a sky dotted with white clouds, and nearby corn rustled in a southern breeze on the 160-acre farm near Neligh, as fans waited to hear the concert's headliners, Canadian singer-songwriter Neil Young and country music star Willie Nelson.

Between performances by opening acts -- Native American hip-hop artist Frank Waln, and Lukas and Micah Nelson and Promise of the Real (featuring Willie Nelson's sons) -- politicians and activists spoke to the crowd of about 8,000 about the fight against the proposed Keystone XL pipeline.

The Tanderups are two of about 100 landowners refusing to sign easement agreements with TransCanada Corp., the company that wants to build the controversial pipeline capable of transporting 840,000 barrels of crude oil per day, mostly from Canada's tar sands region destined for refineries on the U.S. Gulf Coast.

Fighting the Keystone XL is only a small part of the bigger battle against a changing climate that is threatening the entire planet, Young said during a press conference before the concert.

"We're really just a skirmish on the ground around a disaster that is waiting to happen," he said. "People are panicking and trying to figure out how to get out of this mess.

"We're proud to be here with all of you, whether you agree with us or disagree with us, to have a discourse about what this is."

Young said America must take up the challenge of reducing carbon emissions and turn to renewable energy generation.

"Stand up and be creative and have ingenuity and come up with solutions so we're not just complaining about problems, we're solving them," he said. "That is what America needs to do."

The development of Canada's tar sands is far from inevitable, said Susan Casey-Lefkowitz, director of programs at the Natural Resources Defense Council, a New York-based environmental advocacy group sponsoring the event.

"Tar sands is not regular oil," she said. "It's dirtier. It's nastier. It's bad for our land and water when it spills, and it is bad for our climate when it is taken out of the ground. What is happening here in Nebraska is ground zero."

Brought together by their opposition to the pipeline project, environmentalists, land rights proponents, farmers, ranchers and Native Americans have revived a coalition dubbed the Cowboy Indian Alliance, with origins in protests against uranium mining in the 1970s.

Native leaders have pledged to stop the Keystone XL from crossing their sacred ancestral lands.

Rosebud Sioux President Cyril Scott and Oglala Lakota President Bryan Brewer, both from South Dakota, and tribal leaders from other nations promised their tribal warriors would physically stop the pipeline.

"We are not just going to protest and leave," Brewer said. "We're going to stop it."

* * *

After Nelson and Young performed hourlong sets, including classic hits such as "Beer for my Horses" by Nelson and "Heart of Gold" by Young, audience members marched into the Tanderups' field and formed a human chain across where TransCanada wants to bury a 36-inch-diameter pipe.

Jane Kleeb, director of Bold Nebraska, declined to speculate on how much money the event would raise to be split between

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her organization, the Indigenous Environmental Network and the Cowboy Indian Alliance, as well as small clean-energy projects on farms and tribal lands, such as putting solar panels on center pivot irrigators.

Maybe more important than the dollars raised, said Ken Winston of the Sierra Club of Nebraska, is the attention the concert brings to continuing efforts to stop development of a 1,179-mile pipeline from Hardisty, Alberta, to Steele City on the Nebraska-Kansas border.

The fight against the Keystone XL in Nebraska already has garnered national attention, after a constitutional challenge to a state law approving the route brought the pipeline's presidential permitting process to a halt.

But pipeline-fighters hope the support of two music legends will help spread their message beyond the nightly news, Winston said.

"TransCanada may have the money," he said, "but we have the musicians and the poets."

Ticket sales alone should generate about $385,000. Concertgoers paid $50 per person to attend the show, with the original 7,000 tickets sold out within days of Bold Nebraska announcing the event last month. An additional 500 tickets issued earlier this month sold out in 10 hours, and 200 more tickets were sold locally in Antelope County.

* * *

Charles Barber is one Nebraska farmer who didn't go to the concert.

Barber grows row crops on 1,400 acres just north of the TransCanada oil pumping station in Steele City where the Keystone XL would end. The first Keystone pipeline, which began operation in 2010, runs under his fields.

He supports building the Keystone XL, which also would cross his land, and during a recent interview said TransCanada has been good to work with.

Barber said he laughed when he heard that Young and Nelson, two founders of the annual benefit concert Farm Aid, planned to come to Nebraska.

"This pipeline is going to help the farmers, and now (they are) against it," Barber said.

Barber said the pipeline will bring construction jobs to Nebraska and oil from a friendly trade partner that will be turned into fuel to power tractors and combines.

TransCanda spokesman Mark Cooper said in an email that delays in getting the pipeline built mean more oil in the U.S. rail system, creating a bottleneck and hindering the transportation of farmers' harvests.

"Delaying the Keystone XL means encouraging the loss of good jobs for Nebraskans and more than $20 million a year in annual property taxes to counties for schools, roads and other infrastructure once the Keystone XL is at full capacity," Cooper said.

TransCanada needs a presidential permit to build the pipeline across the northern U.S. border. After six years, the permitting process is on hold until federal officials know whether the route through Nebraska is good.

The Nebraska Supreme Court is reviewing a lower court's decision finding the state's Major Oil Pipeline Siting Act unconstitutional. It's unlikely the state's high court will rule on the lawsuit, which was brought by three landowners, until later this year, probably after the November election.

Delays that have gone on for six years probably will mean the price tag for the pipeline will be double the $5.4 billion TransCanada previously projected, company officials have said.

TransCanada has already spent more than $2 billion on the project, including $50 million going to landowners for easement rights, signing bonuses, temporary work space and losses during the construction period.

CANADA'S RICKFORD SAYS UKRAINE CONFLICT BOOSTS CASE FOR KEYSTONE

Canadian Natural Resources Minister Greg Rickford said a growing focus by the U.S. on energy security amid the Ukraine conflict is bolstering the case for the Keystone XL pipeline.

Rickford, who met with U.S. Energy Secretary Ernest Moniz last week in Ottawa, said the conflict with Russia has prompted discussions among the U.S. and its allies on how to ship more crude and natural gas to Ukraine as well as Europe.

"Energy security has not just crept into the dialogue, it's actually been an essential part of every exercise we do in the context of trade and foreign affairs - North American energy security and global security," Rickford said in a telephone interview today from Ottawa. "Take a look at Ukraine."

TransCanada Corp's $5.4 billion Keystone route would link Canada's oil sands to refineries along the Gulf Coast, broadening access to global markets for the world's third- largest crude reserves. The State Department is reviewing the project, which was first proposed in 2008 and requires President Barack Obama's approval.

"I'm an optimist," said Rickford, adding that he made the case for Keystone in his discussions with Moniz. "This has never been and will never be a question of if, it's a question of when."

Canada is regularly asked by countries, including the U.S., when new pipelines will be ready to ship crude and natural gas to the continent's coasts, Rickford said. Canadian crude producers have said expanding pipeline capacity is essential to move growing output from the landlocked oil sands to market.

Carbon Emissions

Environmentalists have tried to stall projects such as Keystone XL and Enbridge Inc.'s Northern Gateway route, arguing they would increase carbon emissions and the risk of spills.

"They want to know when, and we've been able to say with a degree of confidence the medium term is reasonable, that's what their expectation is," Rickford said of his discussions with officials in countries such as China, South Korea and Malaysia. "The United States feels the same way."

The U.S. Energy Department is reviewing the effect infrastructure has on energy and climate security. Rickford said he was encouraged that Moniz held meetings on the review in Ottawa.

"This lands on Secretary Moniz's desk, and he says we can't do this without including Canada, because our energy market is significantly integrated," Rickford said.

Calgary-based TransCanada said last week the cost of building Keystone may climb 85 percent to $10 billion. Obama rejected the pipeline in 2012. TransCanada then split the project to build the southern portion first and refiled for approval for the northern leg with an alternate route in Nebraska.

TransCanada Chief Executive Officer Russ Girling said last week the delay has forced the company to incur costs of $150 million per year.

CHINESE EXECUTIVES EDUCATED IN CALGARY ON THE OIL AND GAS INDUSTRY

In 2014 the United States Energy Information Administration (EIA) reported "China is the world's most populous country with the fastest-growing economy that has led it to be the largest energy consumer and producer in the world. Rapidly increasing energy demand, especially for liquid fuels, has made China extremely influential in world energy markets." As a result of the increased cooperation between American and Canadian oil and gas companies with state-owned and run counterparts in China, the need to familiarize Chinese partners with the manner in which the oil and gas industry operates in North American has become critical. This need to educate runs from top executives down to middle management.

On August 23 and 24, 2014, Ralph A. Cantafio of Cantafio Eddington P.C., taught a two-day class on United States and Canadian Oil and Gas Policy and Tax and Offshore Drilling to a class of Chinese Executives in Calgary, Alberta for Petromentor International Education Co., Ltd. of Beijing, China. Petromentor is one of the select few training providers for the three largest oil companies in China with American headquarters located in Houston, Texas. Petromentor provides oil and gas industry related courses for PetroChina ("CNPC"), China National Offshore Oil Corp ("CNOOC") and China Petroleum and Chemical Corporation ("Sinopec"), as well as other companies involved in the Oil and Gas industry.

Many students held Ph.D.'s and were hand-selected to travel from throughout China to attend. "Teaching this class was challenging," noted Ralph A. Cantafio of Cantafio Eddington P.C., "because everything had to be translated and all of the students had been born and raised in a state-run economy with little experience in a market economy." Still, Cantafio concluded: "While I believe my students learned a great deal about how the oil and gas industry operates in North America, I cannot even begin to itemize all that I learned from my students about China and Chinese culture." Cantafio looks forward to teaching for Petromentor again in the near future.

GAS FINDS SHOULD BENEFIT NOVA SCOTIANS

Despite the ban on developing a potential onshore natural gas resource through hydraulic fracturing, Nova Scotia still has a lot of petroleum resource potential offshore.

The Liberal government would like you to think that, but it may be in danger of raising expectation without any proof of success.

Of course there are the two producing national gas projects off the Nova Scotia coast. ExxonMobil Canada Ltd. and partners own the Sable Offshore Energy Project and EnCana Corp. has the Deep Panuke venture. Sable has been producing since 1999 but is nearing the end of its lifespan, while Deep Panuke, which started production last December, is expected to be a short-lived play.

Looking to the future, Shell Canada Ltd. and partners and BP Exploration (Canada) Ltd. received mention in the latest speech from the throne, read by Lt.-Gov. J.J. Grant on Thursday.

Shell holds a 50 per cent share and acts as operator on the Deepwater Shelburne Basin Venture exploration program. ConocoPhillips Co. acquired a 30 per cent share and Suncor Energy Inc. a 20 per cent interest in the project earlier this year.

Shell has reported two years worth of seismic data was completed in one year on the Shelburne Basin venture, saving both time and money. Next up, it will drill a couple of wells on the deep-water lease during the second half of 2015. Meanwhile, BP is conducting a seismic survey of its four offshore exploration licences, located about 300 kilometres off the Nova Scotia coast.

Building on the success that came from a government-financed offshore “play fairway analysis,” the Liberals now say they will make more “strategic investments in geoscience” to further demonstrate the resource potential off the Scotian Shelf.

“Through the Offshore Growth Plan, resource development that advances our province and local communities will be pursued. Offshore projects are a vital building block to achieve future prosperity and realize the potential of this province,” it was stated in the throne speech.

With the enthusiasm displayed by the energy giants willing to pay big bucks to explore the offshore, what will happen if all or some of that exploration work yields sizable petroleum resource?

Officials are reluctant to speculate about what exactly a new supply of oil and gas would mean.

Besides being good news for the provincial treasury and the Nova Scotia economy, if there is a big discovery offshore it would require existing infrastructure, originally built to bring Sable gas to market, to be beefed up.

If there was an oil discovery, there are a number of options that would require investigating, depending on the amount of oil found.

Potentially an oil pipeline could be built to bring the product to shore and various facilities would need to be created to manage the flow of the hydrocarbon.

A less expensive option would include a tanker, which would be tied up next to the production rig where it would simply collect the oil.

If there is a natural gas component to a discovery or discoveries, and a lot of it, chances are it could require an upgrade to the existing pipeline operated by Maritimes and Northeast Pipeline. The first thing would be to add compression to the existing line, which does not currently operate with compression.

If there was a large quantity of gas and compression was required, it would require the construction of new compressor stations along the pipeline, says Maritimes and Northeast spokesman Steve Rankin.

If the pipeline still could not accommodate all the natural gas, another option might be twinning the pipeline at strategic sections, commonly referred to as looping. Looping is generally described as adding pipe, parallel to the existing pipeline, which is then tied back into the mainline as a way to add capacity.

The entire pipeline would not necessarily require twinned; looping could be added at strategic sections of the line where the additional capacity is needed most.

No doubt, if there is a large resource discovered offshore, there will be added pressure this time around to find ways to use the local resource for greater benefit within Nova Scotia.