



Sign Up with the Oilfield News Online



Weekender



# ilfield NEWS



www.oilfieldnews.ca



Published By: NEWS COMMUNICATIONS since 1977

Saturday November 1st, 2014

## IS IT BETTER TO PROCESS BITUMEN IN CANADA, OR SHIP IT OUT RAW?

At the groundbreaking ceremony in September, 2013, for a massive new bitumen refinery in Sturgeon County, just north of Edmonton, North West Upgrading Inc. CEO Ian MacGregor got a little choked up—and carried away. "It's just such an enormous opportunity," he said to a television reporter. "I think it dwarfs the CPR, really."

That's a stretch, but maybe not a huge one. The Canadian Pacific Railway, completed in 1885, fulfilled Sir John A. Macdonald's national dream of building a transcontinental railroad. The first phase of the Sturgeon Refinery is scheduled to begin transforming 50,000 barrels a day of molasses-like bitumen into diesel fuel in 2017. The goal is to eventually triple that to 150,000 barrels a day. If not a national dream, the refinery at least addresses a long-standing anxiety in Alberta—that the province exports too much of its natural resources in raw form, and could capture more jobs and profits by processing them first. Like Canadian Pacific's historic line,



Quality Craftsmanship is a Hallmark of this Beautiful Quarry Home!!

636 Devonian Avenue - Kelowna

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 entertainer 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. Click the link below to view more photos or call 250.575.1432 to book a private showing. [BERGGHOMES.COM](http://BERGGHOMES.COM)

the road to building the refinery has been long and complicated, and has required hefty dollops of government financial assistance. In 2005, privately owned North West raised its first \$38 million in equity for what was then budgeted as a \$1.5-billion project. It was aiming to begin production in 2010.

But the fallout from the 2008-2009

recessions stalled the plant, and North West struggled to raise more money. In 2009, to help bitumen producers and to kick-start upgrading and refining projects, then-premier Ed Stelmach's government began accepting provincial royalty payments on bitumen in kind, rather than cash.

The Sturgeon Refinery soon got two more big boosts. In 2010, North

West announced that it was forming a 50-50 joint venture with Canadian Natural Resources Ltd. to build and run the facility. The following year, the province said it would supply 37,500 barrels a day of its bitumen to the refinery and pay fees for processing. It would then collect cash by selling the finished product.

But costs continued to climb as

## The Bergg Homes Team



Steven Bergg Allen Epp Annette Jensen-Bergg

Visit our website for a detailed market report:

[bergghomes.com](http://bergghomes.com)

- FULL STATISTICS AND COMMUNITY INFO  
Get the latest trends for sold homes, properties for sale, inventory counts, and more.
- GET DETAILED INFO ABOUT EVERY PROPERTY  
View all the detailed information with the listing view or the map view.

All listings MLSB unless otherwise indicated



Based on MLSB Active Listings Taken & Sold Units as Reported by CMREB in 2012 for Central Okanagan.



NIHO Land & Cattle Co. Ltd. Phone: 604-606-7900 email: [sales@niho.com](mailto:sales@niho.com)

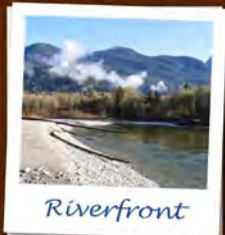
Oceanfront, Lakefront, Riverfront, Ranches and Recreational Properties For Sale



Lakefront



Oceanfront



Riverfront



Recreational



Over 80 properties for sale throughout BC starting from \$27,000

Tour most of our properties with NIHO's "Pano Tour", a 360° virtual tour

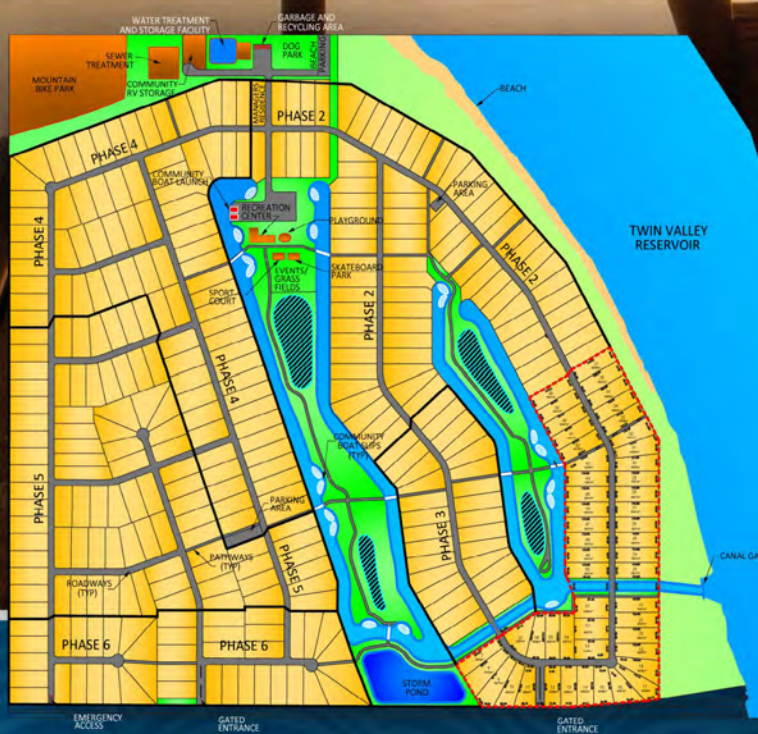
**DON'T WAIT TO BUY LAND  
BUY LAND THEN WAIT**  
Rudy Nielsen, President

**For more details go to [www.niho.com/oil](http://www.niho.com/oil)**

To receive our Online Publication, please fax back with your email in the space provided to 1(800) 309-1170: \_\_\_\_\_



# An exclusive, gated country cottage community.

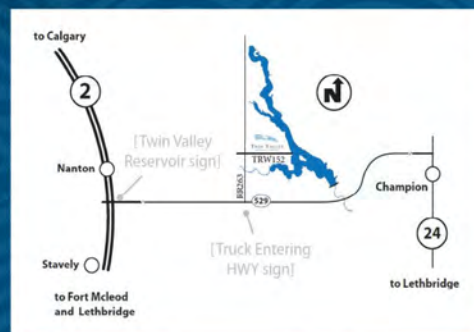


## Escape the city!

Less than one hour from either Calgary or Lethbridge the Twin Valley Waterfront Community offers fully serviced one acre waterfront homesites with private docks.

**Phase 1 of the project is now selling!**

(866) 203-1202 TwinValley.ca Sales@TwinValley.ca



**TWIN VALLEY**  
WATERFRONT COMMUNITY



Alberta's oil sector heated up. By the time construction began in September, 2013, the projected price tag had already reached \$5.7 billion. Last December, the total shot up to \$8.5 billion, and the province and Canadian Natural agreed to provide \$300 million each in loans.

The first phase of the refinery is scheduled to open in September, 2017. Up to 5,000 workers will be needed at peak construction times, and 500 employees will be hired at the plant.

Yet the refinery is still only a small step toward the dream of creating a big bitumen processing sector in Alberta. Last year, Canada exported about 1.2 million barrels of bitumen a day—about 60% of daily oil sands production—to the United States. The refinery will produce mostly diesel, not a wide range of refined products, such as gasoline and heating oil.

The trouble is that refining is a tough business in North America. The last major oil refinery built in the United States was in 1976, and in Canada, in 1984. The industry has a history of thin profit margins and high capital costs. Inefficient plants have closed. And three other bitumen upgrades proposed for Alberta by major producers have been shelved over the past six years.

Exporting the finished product even to the United States, let alone Asia, is also still a challenge. Most of the Sturgeon Refinery's diesel will be sold in Western Canada. "You have to be a dreamer to do these things," MacGregor says in an interview. "Sometimes, it's

a long time in the wilderness." Undaunted, two dreamers in British Columbia are promoting even more massive bitumen refineries. In 2012, newspaper publisher David Black said that there were massive potential markets for refined fuel in Asia. He proposed building a plant in Kitimat, in northwestern B.C., which originally carried a price tag of \$13 billion.

The estimated total cost of Black's so-called Kitimat Clean Ltd. project is now \$32 billion: \$8 billion for a pipeline to get the bitumen from Alberta to Kitimat, \$21 billion for the refinery itself, and \$3 billion for a tanker fleet and other infrastructure. He now figures the project could begin production as early as 2022, employ 3,000 people and refine up to 550,000 barrels a day.

The "clean" label is partly meant to allay fears about possible oil spills into coastal waters. Black argues that diesel and other refined products would be easier to clean up than heavy raw bitumen. "Canada has to get its resources to market somehow. What I'm proposing is the best for Canada and B.C. because there will be huge value added," he says.

But the economics also appear to be stacked against Black. Asian refineries have cheaper labour and lower capital costs. He hasn't signed any major investors, either. He wants Ottawa to provide billions in federal loan guarantees.

In June, a company called Pacific Future Energy unveiled a bold plan to build "the world's greenest refinery" somewhere on B.C.'s coast, probably near Prince Rupert. The

refinery would be built in stages that would each process up to 200,000 barrels of bitumen a day. The first stage alone would cost \$10 billion.

The firm also vows to work in "full partnership" with First Nations. "What we have in B.C., rightly or wrongly, is very significant opposition to the thought of bitumen being on tankers and shipped," says Stockwell Day, a former federal international trade minister who serves as special adviser for Pacific Future Energy.

But Art Sterritt, executive director of the Coastal First Nations, says that aboriginal groups don't want bitumen to flow through pipelines across British Columbia in the first place.

For the moment, both First Nations and the provincial Liberal government are devoting more attention to proposals for natural gas pipelines and export terminals for liquefied natural gas. Seventeen B.C. LNG projects have been proposed. The government would like to see three facilities up and running by 2020. LNG is seen as a commodity with manageable and acceptable environmental risks.

Some oil dreams do become a reality, but for many key constituencies, the prospect of processing bitumen is still a nightmare.

### LAFARGE TO DISPOSE OF 167 TRUCKLOADS OF FRACKING WASTEWATER

The wastewater is leftover from drilling that happened seven years ago

Another five million litres of treated hydraulic fracturing

wastewater will be disposed of at a Nova Scotia cement plant.

Environment Minister Randy Delorey says he's approved a request from Atlantic Industrial Services to use the wastewater at the Lafarge plant in Brookfield.

The wastewater is leftover from drilling that happened seven years ago.

It will be used as a coolant in a kiln at the Lafarge plant and evaporated at 700 Celsius after naturally occurring radioactive materials are put through a process called reverse osmosis.

Delorey says a previous pilot project of two million litres showed evaporation is a viable disposal solution for the province's existing hydraulic fracturing wastewater.

About 167 truckloads of water will be needed to transport the wastewater from holding ponds in Debert to the cement plant.

The department says there is about 10 million litres of wastewater remaining in the two ponds in Debert, while 20 million litres of wastewater remains in two holding ponds in Kennetcook following drilling projects conducted by Triangle Petroleum in 2007 and 2008.

Like the pilot project approved last April, the wastewater will be treated for naturally occurring radioactive materials and put through reverse-osmosis.

The treated wastewater meets Canadian Council of Environment Ministers and Health Canada guidelines for release into fresh water.

Environment Minister Randy

**METALMAN ART & DESIGN**

You **THINK** We **DO!**  
Customized

- Fire Pits
- Gates
- Signs
- Benches
- And More!

www.metalmanart.com  
306-978-7876

AUTODESK Authorized Training Center

digitalschool.ca

**iLearn  
iDesign  
iCreate**

Step into the World of 3D Design

**DIGITAL School**  
technical design college

FULL-TIME CAREER PROGRAMS  
PART-TIME SOFTWARE ET TRAINING

@Digital\_School f digitalschool.ca  
#304, 10205-101 STREET

GET STARTED TODAY!  
CALL 780.414.0200



Delorey is pleased the pilot showed evaporation is a viable disposal solution for the province's existing hydraulic fracturing wastewater.

The wastewater in both areas is from high-pressure hydraulic fracturing that took place in 2007 and 2008.

### KINDER MORGAN PIPELINE: BURNABY TO APPEAL NEB DECISION

National Energy Board ruled last week that Kinder Morgan can access Burnaby Mountain

The City of Burnaby, B.C., is refusing to back down from its fight with Kinder Morgan, saying it plans to appeal a National Energy Board decision granting the energy giant access to a municipal conservation area.

The city has tried in recent months to block the company from conducting survey work in the area on Burnaby Mountain — Kinder Morgan's preferred route for the expansion of the Trans Mountain Pipeline.

But the energy board ruled last week that Burnaby can't stop the company's activities because the geotechnical work is needed by the board so it can make recommendations to the federal government about whether the project should proceed.

Burnaby Mayor Derek Corrigan says he wasn't surprised by the NEB ruling, but he questions the energy regulator's legal authority to consider constitutional questions relating to municipal bylaws.

Such a power has never been previously found to exist in any prior

board decision or by any court, he said. "We are disappointed but not surprised by this ruling," he said in a written release on Tuesday.

"We believe that it is inappropriate for the National Energy Board to rule on the critical constitutional issue of whether a multinational pipeline company can override municipal bylaws and cause damage to a conservation area, for a project that no level of government has deemed to be in the public interest."

Lawyer Greg McDade, who is representing the City of Burnaby, said he believes no federally appointed panel should have the power to rule on municipal laws or enforcement powers.

"It doesn't exist in the NEB Act, and it has never been claimed before by any federal tribunal," he said.

The board disagrees on the extent of its powers, saying in a statement last week that it found it does have the legal jurisdiction to override municipal bylaws.

Stumps and branches of trees that were cut down by workers hired by Kinder Morgan are seen in the Burnaby Mountain Conservation Area, in Burnaby, B.C., on Wednesday September 10, 2014. (Darryl Dyck/Canadian Press)

The order forbids the City of Burnaby from undertaking any bylaw enforcement. It also says Kinder Morgan must give the city written notice of work 48 hours in advance and must remediate any damage.

It is the first time the National Energy Board has ever issued

an order to a municipality. Burnaby and Kinder Morgan have been locked in battle over the \$5.4-billion pipeline expansion, with both sides filing duelling legal actions in court and applications with the National Energy Board.

The expansion would almost triple the capacity of the existing pipeline between Alberta and the B.C. coast to about 900,000 barrels of crude a day.

### FERUS NATURAL GAS FUELS MAKES CANADIAN ENERGY HISTORY BY COMMISSIONING THE FIRST MERCHANT LNG FACILITY IN CANADA

Ferus Natural Gas Fuels Inc. (Ferus NGF) is pleased to announce the grand opening of the first merchant liquefied natural gas (LNG) facility in Canada - positioning the company as a leader in the North American domestic natural gas fueling market. The facility, which became commercially operational in May, 2014, is located in Elmworth, Alberta, about 65 kilometres southwest of Grand Prairie.

Ferus NGF's Elmworth LNG plant is strategically located in the heart of oil and gas activity in northwest Alberta and northeast British Columbia, and produces high-quality LNG fuel for engines used in drilling rigs, pressure pumping services, water heating for well fracturing and heavy-duty highway and off-road trucks. Other high horsepower applications for this LNG are in rail, mining, and remote power generation. To

support the entire LNG supply chain, Ferus NGF has also designed and built specialized mobile storage and dispensing equipment to provide full-service fueling solutions.

Currently, the facility can produce up to 50,000 gallons per day of LNG and has capacity to expand up to 250,000 gallons per day of LNG.

"Regionally focused small-scale LNG plants like the one we have built in Elmworth ensure proximal and reliable supply for our customers," said Dick Brown, CEO of Ferus NGF. "In order for customers to make the switch to natural gas they need a high level of certainty and trust. Ferus NGF is successfully fueling oil and gas operations and on-road trucking with natural gas and our business plans include the wide-spread build-out of LNG and CNG infrastructure to provide regional supply and service across multiple high horsepower industries in North America."

Natural gas as a fuel is gaining support and traction from both industry and political leaders. As emission standards continuously evolve and companies strive to meet them while simultaneously finding ways to reduce operating costs, natural gas is positioned to become the fossil fuel of choice in North America.

"Natural gas provides significant environmental and cost benefits to high horsepower applications currently using diesel," said Brown. "Canada has an abundance of natural gas and Ferus NGF is playing a lead role in facilitating its use as a consumable engine fuel."

# SKYTECH EQUIPMENT

Phone: 306..445.5151

- \*Sales
- \*Rentals
- \*Service
- \*Forklifts
- \*Manlifts
- \*Scissorlifts
- \*Skid Steers
- \*Trenchers
- \*Back Hoes

www.skytechequipment.com

North Battleford, SK





"You Call - We Haul"

VACUUM & PRESSURE TRUCKS

- FRESH WATER HAULING
- CRUDE OIL HAULING

- SALT WATER HAULING
- VACUUM TRUCK



COR  
CERTIFIED

Serving  
Southern  
Saskatchewan

nankivelltrucking@signaldirect.ca

Cellular: (306) 457-7775      24 Hour      Kisbey, SK

Fax: (306) 462-2188



### HIGHBANK APPLAUDS B.C. GOVERNMENT'S REDUCED LNG LEVY

Highbank Resources Ltd. has provided an update. President and chief executive officer Victor Bryant commented, "The Highbank board of directors wholeheartedly applauds British Columbia Premier Christy Clark and her ministers on their revised B.C. LNG export levy." This revised tax structure should most assuredly entice the energy behemoths of the recently formed B.C. LNG Developers Alliance, comprising Malaysian state-controlled Petronas-led Pacific Northwest LNG; Shell Canada Energy-led LNG Canada; B.G. Group PLC's Prince Rupert LNG; and the Kitimat LNG project, which is co-owned with the Canadian units of Chevron.

Commenting to Bloomberg, one of the Alliance members (Royal Dutch Shell) stated, "We are pleased to have certainty on a final B.C. LNG tax framework." David Keane, president of the B.C. LNG Alliance, added, "We appreciate the fact that the government has revisited their original tax."

LNG Canada, the Kitimat-based LNG project led by Shell, issued a further statement that appears supportive of the government tax structure unveiled Tuesday. "We are of the view that the B.C. LNG tax framework announced by the government provides balance

and consideration of the global challenges in the LNG marketplace faced by the LNG sector in B.C.," the company said in a statement. "We consider it an important input to our decision-making process." This LNG levy regime will be of tremendous benefit to Highbank, which is poised to commence production at its National Instrument 43-101-compliant aggregate deposit on the Portland Canal. To put the scope of the proposed development of LNG in B.C. in perspective the following map indicates the location to the companies involved. Currently high rainfall at the site is delaying gravel preparation. However, the delay is allowing work to proceed on winterizing the camp, completing a dry storage area for equipment and supplies, and other infrastructure work around the barge load-out site.

Further to the TSX Venture Exchange acceptance for filing bulletin of Oct. 15, 2014, the company has issued a second tranche of 1,193,000 shares at a deemed price of 22 cents to settle a debt of \$262,500 to Foresight Innovations Ltd. of Victoria, B.C. The shares are subject to a hold period from trading until Feb. 17, 2015.

### INDIA WORKERS OFFERED B.C.'S LNG JOBS BY CHRISTY CLARK, SAYS NDP

Times of India reports comments were made during Clark's recent trade visit to New Delhi B.C. Premier Christy Clark is

coming under fire for reportedly offering jobs building B.C.'s LNG industry to workers in India.

According to a story in the Times of India's economic pages, Clark made the suggestion at a speech she gave during her recent trade tour to India.

The premier reportedly told the gathering of potential domestic investors in New Delhi two weeks ago that B.C. can help India with its skilled worker shortage.

"If we can help train 3,000 and 300 of them help us build an LNG industry, it's good for you and good for us," Clark is quoted as saying.

The NDP's Harry Bains does not see that offer as helpful to the 124,000 British Columbians who are currently unemployed.

"She will say anything that she thinks is what people want to hear," said Bains.

"But she has already made up her mind about what she wants to do and

that is, bring in cheap labour, and if they complain, ship them back to their own countries."

B.C. will likely have to use temporary foreign workers if several LNG plants are built at once, but sources in the premier's office insist Clark's number one priority is to ensure British Columbians are first in line for those jobs, followed by other Canadians.

Bains says he's not convinced, given the premier's overseas comments.

News of Clark's reported comments comes as British oil and gas producer BG Group PLC says it will be the next decade before it goes ahead with a liquefied natural-gas export terminal in Prince Rupert, B.C....

Last year BG Group told regulators that it could begin construction on the first phase of an LNG plant next year, but BG Canada president Madeline Whitaker says that time line is now uncertain.

30-Oct-14				
	Active	Down	Total	% Active
<b>Western Canada</b>				
AB	293	269	562	52%
SK	88	63	151	58%
BC	49	18	67	73%
MB	11	13	24	46%
<b>WC Total</b>	<b>441</b>	<b>363</b>	<b>804</b>	<b>55%</b>
<b>Eastern Canada</b>				
QC	-	1	1	0%
<b>Canada</b>	<b>441</b>	<b>364</b>	<b>805</b>	<b>55%</b>

**Cleansing & Testing kits**  
**Order online**  
**Delivered discreetly**
















[BCSmokeShop.ca](http://BCSmokeShop.ca)

## Spice O' Life Emporium

The Most Tasteful Sex Shop In the West




- \* Hookahs
- \* Incense
- \* Massage oils
- \* Adult toys
- \* and so much more!



**250.837.2002**

106 Orton Avenue, Revelstoke BC.