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CLIMATE CHANGE STUDY SAYS MOST OF CANADA'S OIL RESERVES SHOULD BE LEFT UNDERGROUND

Fully exploiting oilsands would contribute to catastrophic warming, scientists say

Most of the Earth's fossil fuels will have to be left in the ground if the world is to avoid catastrophic global warming, according to a new study published in the scientific journal Nature.

And Canada's oil patch would have to be left mostly unexploited if the world is to avoid a rise in average temperature of two degrees or more, as almost every country in the world has committed to do.

"All politicians worldwide have signed up to this idea of keeping temperature rise below two degrees," said author Christopher McGlade. "One of the stark findings to come out of this study was how that is inconsistent with current views that every country wants to produce all of its own reserves and resources. So what we wanted to show was the disparity."

McGlade and co-author Paul Elkins, both of University College London, calculated that the total amount of carbon stored in fossil fuel reserves that are known, technologically viable and likely to be extracted under current economic conditions is about three times what the planet's atmosphere could be expected to absorb without breaking through the two-degree barrier.

The only way to avoid releasing that carbon into the atmosphere is to ensure that most of those reserves stay where they are: underground.

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Moreover, any unexploited oil and gas reserves in the Arctic should be considered unusable, if the target is to be maintained. Canada is one of several countries that have been eyeing those reserves as a possible ace in the hole. "The study indicates that all of that should remain unburnable if we want to stay within two degrees," McGlade told CBC News from London.

The study, titled "The geographical distribution of fossil fuels unused when limiting global warming to 2 C," says there is no point in continuing to explore for new deposits of oil and gas anywhere in the world, since we cannot afford to extract what has already been discovered.

A worldwide goal of a maximum two-degree rise over pre-industrial temperatures has been set by the

International Panel on Climate Change, and 195 of the world's countries (including Canada) have signed on to that goal. This report shows countries need to make painful decisions and forgo some of the easy economic growth that can be achieved by exploiting fossil fuel reserves on their national territories.

The study explicitly lays out the sacrifice needed from Canada. It says for the world to have a reasonable prospect of meeting the target, no more than 7.5 billion barrels of oil from the oilsands can be produced by 2050 — a mere 15 per cent of viable reserves and only about one per cent of total bitumen.

It's not only heavy oil derived from bitumen that's implicated. The study says Canada would also have to leave some of its

conventional oil and natural gas, and almost all of its coal, untouched.

Other countries would be expected to leave large reserves of fossil fuels untapped, especially coal-producing countries such as the United States, China, India and Russia.

"This report is another wake-up call to snap us out of our denial of climate change," says John Stone, a Canadian researcher and one of the lead authors of the latest report of the IPCC.

Stone emphasizes that keeping warming to within two degrees does not mean the world avoids negative consequences. He says the target comes from a political decision on how much risk and damage the world is willing to tolerate as it transitions to a sustainable economy powered by renewable energy.



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He stresses the effects of climate change are being felt already, and will be much more severe with a mean two-degree rise.

Already, mean global temperatures are about half a degree higher than they were before the Industrial Revolution, and carbon already in the atmosphere today would probably produce another half-degree rise even if all emissions stopped tomorrow.

The consequences of a two-degree rise would be felt differently around the world. But recent studies on food production have shown that even a two-degree change would cause great harm to crop yields in places such as India and China, raising doubts about those countries' ability to feed their people in the future.

Alarm about those studies among senior Communist Party officials in China may have been

a factor in China's decision to sign a historic climate deal with the United States in November.

Stone said the study shows the scale of the challenge. But he remains optimistic it can be done.

"If you go back into history we modified our economy to fight the war, in amazing ways if you look back on it. So if you've got the optimism, you've got the imagination and more than anything if you've got the political will, anything is possible."

Stone said the report is not saying the world will have to live without energy, only that it has to speed up the transition to alternatives.

"As a Saudi oil minister said in the '70s, 'the Stone Age didn't end because we ran out of stones. It's because we changed the technology.' And we're now going to have to change our energy system from one that relies on

fossil fuels to one that relies more and more on renewable energy."

ALBERTA PREMIER JIM PRENTICE TO LOBBY WASHINGTON ABOUT KEYSTONE XL PIPELINE

Prentice will also promote the environmental standards of Alberta's oil and natural gas industry

Alberta's premier remains hopeful about the Keystone XL pipeline despite word that U.S. President Barack Obama may veto the project.

Jim Prentice says there is broad public and political support in the United States for the pipeline that would carry Alberta bitumen to the U.S. Gulf Coast.

Prentice says he will travel to Washington within the next month to let people know that Keystone is in the best interests of Canadians and Americans alike.

He says he will also promote the environmental standards of Alberta's oil and natural gas industry, which he says are among the highest in the world.

Calgary-based TransCanada has been waiting more than six years for approval of the pipeline.

A bill that would have forced Obama's hand on Keystone failed to clear Congress in its final days last year, but the new Congress that has convened is Republican-controlled and the pipeline bill is to be among the first issues voted on.

"Alberta is committed to responsible energy development, which firmly positions us as a safe, secure and responsible energy supplier and we will continue to advocate on behalf of Keystone XL," Prentice said in a release Tuesday.

"This Government will continue our efforts to realize the potential of our energy resources and reach out to global markets."

AS CRUDE PRICES PLUMMET, OILSANDS WORKERS FIND THEMSELVES JOBLESS

Maritimers working in the Alberta oilsands are feeling the pressure of plummeting oil prices, with some forced to return home jobless.

The price of crude oil fell to US\$47.93 a barrel Tuesday, the lowest it's been since April 2009.

Before the plunge, Duncan Campbell worked as a construction surveyor in Alberta. Now he's back home in the Maritimes, and Campbell says he doesn't know what will come next.

"When is it going to happen? When am I going back (to Alberta)? Am I going back? Do I have to get another career?"

He admits lower oil prices have always worried him.

"It was always a concern when you see the price of oil drop as it has and I've been working steady for the last nine, 10 years," he said.

Campbell says that it used to be easy to find a job in the Alberta oil industry, but times have recently changed.

"Even back in let's say the summer, you could (search online) and there might a dozen different opportunities for my position. I think if you go on today, I don't think there's anything," he said.

Adrian White of the Sydney Area Chamber of Commerce said the plummeting oil prices are concerning because the industry in the Western provinces drives the Canadian economy.

"It's concerning if it continues for a long time. As to what that might do to the local economy, we certainly don't want to have people losing their homes, or lose their cars, or not be able to pay their bills," said White.

Sadie Holloway of the YMCA Employment Centre in Cape Breton says the lower prices will not only affect those working out west, thanks to trickle-down economics.

"If you don't have money, you don't buy as much and it would probably affect everyone in a trickle-down kind of way."

Holloway says the job insecurity out west could force some workers to start looking for work in other parts of the country.

In the meantime, Campbell continues to watch his job prospects drop along with oil prices.

B.C. BANS TRANSPORT OF OIL IN PIPELINES BUILT FOR LNG

British Columbia has banned the transport of oil on pipelines built specifically for proposed liquefied natural gas terminals, in an effort to quell fears that those lines could eventually be converted to carry oil sands crude to coastal markets.

The regulation covers six proposed pipelines, which would all carry natural gas destined for LNG export terminals planned for the Pacific Coast province. The government said the legislation could also be applied to future gas pipelines.

The ban is in response to concerns raised by Aboriginal leaders and

environmental groups that pipelines built to serve British Columbia's nascent LNG industry could ultimately be used to transport crude oil or diluted bitumen.

The worries are not without basis. As part of its Energy East project, TransCanada Corp plans to convert hundreds of miles of existing gas pipeline between southeastern Alberta and Cornwall, Ontario to carry crude to refineries and export facilities in Quebec and New Brunswick.

"A regulation prohibiting the automatic conversion of natural gas pipelines for these purposes goes a long way to address the concerns we have heard," said John Rustad, British Columbia's Minister of Aboriginal Relations, in a statement.

The ban follows a pledge by the provincial government last year to ensure LNG pipelines would never be converted to carry oil. British Columbia is banking on an LNG boom to create thousands of new jobs and help bolster government coffers.

While Aboriginal groups in the province have so far been relatively supportive of the fledgling LNG industry, many remain fiercely opposed to the transport of crude oil and diluted bitumen through their traditional territories.

Numerous aboriginal communities have filed lawsuits in an effort to stop Enbridge Inc's Northern Gateway project in the province's north, while others are strategizing on legal options to stop a proposed expansion of Kinder Morgan Inc's Trans Mountain pipeline to a port near Vancouver.

CANADIAN DOLLAR SEEN PRESSURED BY CHEAP OIL, EXPECTED FED HIKE

The Canadian dollar is expected to trade near a five-year low against its U.S. counterpart for much of this year, under pressure from a crash in crude oil prices and an impending U.S. interest rate hike, according to a Reuters poll.

Currency strategists polled by Reuters have slashed their forecasts from a month ago after a rocky start to 2015, with heavy selling that has already knocked down the loonie nearly 2 percent to its weakest since early 2009.

They now predict the Canadian dollar will trade at C\$1.18 in 12 months, weaker than the December forecast of C\$1.16. The median forecast is C\$1.16 in three months and C\$1.17 in six months, according to the 42 forecasters polled.

The currency fell about 9 percent last year in its worst performance since 2008, the year the global financial crisis began in earnest. It was trading at C\$1.18 on Wednesday.

A plunge of more than 50 percent in oil prices in just six months is partly to blame, as is the prospect that the Bank of Canada will keep interest rates unchanged long after an expected move by the U.S. Federal Reserve this summer. [FED/R]

The U.S. economy grew at a 5 percent annualized rate in the third quarter, its quickest pace in 11 years, giving further support to the view the Fed is gearing up to hike

rates for the first time since 2006. But the outlook is very different for Canada.

"It is hard to see any near-term positives for the Canadian dollar when 25 percent of your exports are energy products and the prices are dropping in half," said Avery Shenfeld, chief economist at CIBC World Markets.

"In this kind of environment, even to get a rate hike in the fourth quarter in Canada, we are going to need to see a significant recovery in oil prices."

Most strategists see these basic interest rate differentials as the main thing holding back the Canadian dollar.

"This will weaken the Canadian dollar on a pretty consistent basis over the course of 2015," said Benjamin Reitzes, a foreign exchange strategist with BMO Capital Markets.

NEW BRUNSWICKERS DIVIDED ON SHALE GAS

A recent poll suggests that New Brunswickers are almost evenly divided on the issue of the

development of a shale gas industry in the province.

The poll says 41 per cent of residents who were surveyed completely or mostly support shale gas exploration and development while 45 per cent completely or mostly oppose it.

The poll of 400 people was conducted between Nov. 6 and Nov. 26, more than three weeks before the province's Liberal government introduced legislation to implement a moratorium on the hydraulic fracturing of shale gas wells.

Premier Brian Gallant said the moratorium will remain in place until five conditions are met.

Those conditions include a process to consult with First Nations, a plan for waste water disposal and credible information about the effects fracking has on health, water and the environment.

Corporate Research Associates, which conducted the poll, says it is considered accurate to within plus or minus 4.9 percentage points, 95 out of 100 times.

8-Jan-15				
	Active	Down	Total	% Active
Western Canada				
AB	321	245	566	57%
SK	66	74	140	47%
BC	60	12	72	83%
MB	13	9	22	59%
WC Total	460	340	800	58%
Eastern Canada				
QC	1	-	1	100%
Canada	461	340	801	58%



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