



### NISKU NOT HURTING AS MUCH AS SIGNS SUGGEST

While job boards outside some businesses are shouting no to employment opportunities, they're not telling the whole story of Nisku and the downturn.

Empty spaces in company parking lots and a decline in commuter traffic don't tell the entire story, either.

"We have seen a lot of layoffs in the Nisku region," says Barbara McKenzie, executive director of the Leduc-Nisku Economic Development Association.

"There are companies that have closed. There have been significant number of layoffs from large companies all the way down to the small ones — people downsizing their operations, going from 80 employees down to 15.

"We don't want to downplay that. (But) one of really interesting things we're hearing is that the lower oil prices, though it's affecting some of our companies quite dramatically, other companies aren't really affected at all."

There's no question the downturn is being felt in some corners of

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All listings MLSB unless otherwise indicated



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

the Nisku Industrial Park and adjoining Leduc Business Park.

From April 28 to May 1 in Nisku, Ritchie Bros. will hold what it calls its largest Canadian auction yet. More than 8,000 equipment items and trucks will be on the block.

"Right now, there is an increase in selling activity in Alberta because

of a lower amount of work in general," Ritchie Bros. Canada president Randy Wall said. But he predicted that Canadian and international buyers will be plentiful and selling prices will be strong.

Among large local employers making changes, Esco Corp. is closing its Nisku foundry in August, resulting in job losses for 110 workers. The

plant manufactures steel parts for oilsands mining equipment.

Calgary-based Enerflex Ltd. is closing its Nisku natural-gas production and processing facility later this year and discontinuing its oilsands module fabrication business, also in Nisku. The company hasn't said how many workers are affected.

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McKenzie said some Nisku and Leduc businesses are sheltered from the effects of the energy downturn because they are not directly involved in the sector or have successfully diversified into other areas.

Some companies are hiring welders, machinists and other trades people who have lost jobs in oil and gas businesses, she said.

Other companies are looking at mergers and acquisitions or using the downturn as an opportunity to find new markets for their products and services.

Wally Taschuk, president of Camex Equipment Sales and Rentals, which manufactures and sells specialized trucks and other equipment, said lessons learned in the 2008 downturn have been invaluable.

The company started in 1992 with

a focus on oilfield transportation, but after 2008 broadened its offerings to equipment for construction and other industries.

A rental-purchase program introduced in 2009 is proving a good fit for the current business climate, Taschuk said.

"As you've seen in the news over the last four months, lots of corporations have slashed their capital expenditures. They've chopped their capital budgets in half or even worse.

"All of a sudden they may get a contract, but they don't have the capital budget to buy the equipment to fulfill the needs of that contract. So they'll come to us and they'll do the rental-purchase option, and when they slip into the next fiscal year, then they'll act on the purchase option."

Camex sales have recently fallen



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10 to 20 per cent. The company has had to trim its workforce, from 130 employees to 115. But at the same time, it's building a 72,000 sq.-ft. sales and service centre beside the QEII Highway.

These buildings are put up with long-term goals in mind," Taschuk said. "We're thinking about Camex for the next 10 or 20 years."

At the economic development association, McKenzie said that after several years of "going down the highway at 200 km/h," the downturn is allowing businesses to carefully think about future plans.

"Now that we're doing 100, we actually feel really slow," she said. "But that 100 is an opportunity to look at things, reassess them, figure out what your business model is, deal with your cash-flow situation, control

your debt, look at other industries to go in, refocus on your key business."

### CANADA SHOULD LOOK SOUTH FOR OIL SPILL LAWS

Alaska, Washington strengthened regulations after Exxon Valdez spill

In all his years as a recreational sailor, it was something Rob O'Dea says he'd never seen before: thousands of globules of oil, suspended in the water of Vancouver's English Bay.

"The water was thick with oil, pea-sized, up to fist-sized gooey clumps," said O'Dea, who was sailing with a friend on the evening of April 8. "As soon as we realized we were in an oil spill we turned around. The jib sheet dropped into the water, and it was immediately covered with this black goo."

Following a relatively small fuel oil spill from a ship anchored at the entrance to Burrard Inlet, critics are taking aim at federal oil spill response measures. They're pointing to the United States as an example of how Canada can do better, in terms of holding oil-transporting companies to account, involving local communities and providing more reassurance to the public.

Canada should learn from states such as Alaska and Washington, which strengthened regulations after the Exxon Valdez oil spill in 1989, said Karen Wristen, executive director of Living Oceans.

"They cautioned that we should not be relying on any voluntary measures on the part of the oil companies," Wristen said, referring to comments made at a 2013 oil spill response symposium hosted by the B.C. government.

"The advice from the United States was quite strong: legislate the requirements down to the last boom and skimmer."

Environmental groups are concerned that if two controversial oil pipelines — Enbridge's Northern Gateway project and Kinder Morgan's plan to twin its existing Trans Mountain

pipeline — are approved, the number of oil tankers travelling along B.C.'s coast would sharply increase.

Spencer Chandra Herbert, NDP MLA for Vancouver-West End, pointed to Washington state's requirement that Kinder Morgan provide the government with its emergency response plans as the company seeks approval to increase the amount of oil it moves by pipe from Alberta to the B.C. coast.

But in Canada, the National Energy Board declined to provide the plan to the B.C. government, citing security concerns.

"Washington state said, 'You have to tell us,'" Herbert said. "Here in B.C. and Canada we don't require it, so they said, 'Well, we won't provide it.'"

In the United States, shipping comes under federal jurisdiction, but state governments also have the ability to regulate shippers, said Shelley Chapelski, a partner at Bull, Housser & Tupper LLP's maritime law practice. Some states require response plans on top of the plans required by the federal government.

In Canada, provinces have no jurisdiction over shipping and giving provinces any authority over the

sector would require a constitutional change, Chapelski said. Canada follows international shipping safety standards, whereas the United States tends to do "its own parallel thing."

For shipping companies, the additional requirements demanded by some U.S. states are a headache.

"For the rest of the world you comply with MARPOL, the international convention on vessel response plans," Chapelski said. "Then if you go into the United States you also have to comply with Washington state and Alaska and California.

"The vessel response plans are pages and pages long, dealing with everything from salvage to firefighting, and they're very, very extensive plans that they have to come up with to satisfy both the United States requirements and the international requirements."

Most ships that ply Canadian waters also travel through U.S. waters, and therefore are compliant with state and federal U.S. regulations, as well as Canada's, Chapelski said.

In a 2013 report, Transport Canada's tanker safety review panel said there are major deficiencies in Canada's oil spill response regime. The panel

didn't recommend following the lead of U.S. jurisdictions but said the current "rigid, national structure that fails to account for the different risks that exist along our expansive coastline" is the biggest problem.

The panel recommended adopting an approach to spill response planning that would provide more flexibility and considerations of regional conditions. The model will also "incorporate scientific information to inform appropriate decision-making," according to Transport Canada.

A pilot project has been started on the southern coast of B.C., a Transport Canada spokesperson wrote to Business in Vancouver in an email. So far a risk assessment contract has been tendered and "initial efforts on data acquisition and methodology development are ongoing."

Aside from the legal requirements around oil spill response plans, former Canadian diplomat Robert Hage believes there are lessons Canada can learn from Alaska's response to the Exxon Valdez spill.

Hage studied the two regional citizens' councils that were set up in Alaska following the disaster; they continue to operate today.

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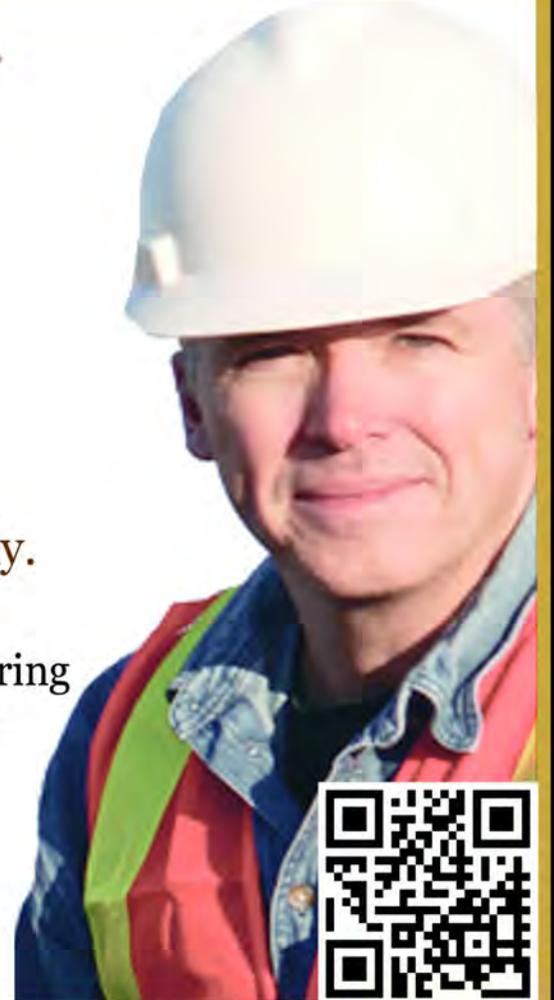
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"It's effective at getting people who would be most affected by spills and [tanker] traffic to have some sort of voice in the process," Hage said. "They do studies, they get money from the government, they get money from the pipeline companies."

The councils provide recommendations to government and industry and generally act as another "independent ... analytical voice," Hage said.

Canada has six similar regional councils, with one on the West Coast, but the contrast with how the Alaskan councils operate is striking.

"Just trying to find out something about them [is difficult]," Hage said of the Canadian councils. "It's run by the government, they do the appointments, there are no websites - what do they do?"

### VENEZUELA PROPOSES NOVEL OPEC OIL BLENDING DEAL TO FIGHT FOR MARKET SHARE

Venezuela has launched talks this month on a novel plan to blend the country's heavy crude with light oil from other OPEC allies, seeking to create a new variety that can compete against swelling U.S. and Canadian supplies.

The proposal, which would expand on a pilot scheme involving Algerian oil last year, envisions supplying refineries built for medium-grade crudes rather than the light oil that has become plentiful as a result of the North American shale boom, said the head of state oil company PDVSA, Eulogio del Pino.

Del Pino said he raised the idea during the Summit of the Americas



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**Schedule of Events**

#### TUESDAY JUNE 2ND, 2015

- \* Exhibitor Setup - All Day
- Golf Tournament - Exhibitors & Platinum Sponsors
- 6:30 AM Morning Golf Registration & Breakfast
- 7:30 AM Morning Flight Shot Gun Start
- 12:00 PM Afternoon Golf Registration & Luncheon
- 1:00 PM Afternoon Flight Shot Gun Start
- \*\* Courtesy Rides for Golfers - Sponsored by Baker Hughes\*\*
- 7:00 PM Steak or Lobster Dinner - Sponsored by Gilliss Casing Services
- 11:00 Grounds Closed - Security Sponsored by ARC Resources Ltd.

#### WEDNESDAY JUNE 3RD, 2015

**10:00 AM - 7:00 PM SHOW HOURS**

- \* 12:00 PM Luncheon Sponsored by Grimes Sales & Service - A Schlumberger Company
- \* 12:30 PM Guest Speaker - Hon. Bill Boyd - Minister of the Economy
- \* 1:00 PM 2015 Saskatchewan Oil & Gas Recognition Awards Oilman of the Year & Hall of Fame Inductees - Presented by the Board of Governors
- \* 7:00 PM Prime Rib Dinner - Sponsored by the City of Weyburn
- \* 8:00 PM Opening Ceremonies - Guest Speakers Hon. Ken Krawetz and Mayor Debra Button
- \* 8:30 PM SE Sask. Oilman of the Year Awards - Presented by Weyburn Oilshow Board
- \* 11:00 PM Grounds Closed Sponsored by ARC Resources Ltd.

#### THURSDAY JUNE 4TH, 2015

**8:00 AM - 3:30 PM SHOW HOURS**

- \* 7:30 AM - 9:30 AM Barnstorming Breakfast Sponsored by PSAC
- \* 10:30 - 11:00 AM - PSAC Information Session by Invitation Only
- \* 12:00 PM Industry Luncheon Sponsored by Crescent Point Energy
- \* 12:30 PM Industry Guest Speaker - John Gormley - Sponsored by ALCHEM Drilling Fluid Services



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in Panama earlier this month and at a meeting with ambassadors from the Organization of the Petroleum Exporting Countries in Caracas last week. He did not specify how other members had responded or what the next steps would be.

The talks suggest that PDVSA's new leadership is eyeing creative ways to retain its U.S. market share at a time of intensifying competition, and to ride out a deep slump in global oil prices that has worsened a recession in Venezuela.

The plan, if agreed, could help Venezuela get more value from its heavy grades, which are under pressure from the rapid rise in shipments of Canadian crude to refineries on the U.S. Gulf Coast, while giving a similar advantage to OPEC members whose lighter oil has been pushed aside by U.S. shale.

"We are proposing to blend oils from here with theirs, to go to the market together," Del Pino told a handful of reporters while narrating a recent helicopter tour of the Orinoco Belt.

He cited Algeria and Angola as potential partners given their light blends. Their combined exports to the United States have fallen from some 1 million barrels per day (bpd) in 2010 to under 150,000 bpd in January, U.S. data show.

"It is a perfect complement of partners," Del Pino said.

The talks also offer a new perspective on Venezuela's engagement within OPEC. After failing to persuade the cartel to cut output last November, Caracas has toned down public efforts to cajole powerful Gulf producers into shoring up prices.

Blending together different varieties of oil from different countries to

create a consistent new grade is unusual but not unprecedented. Many refiners prefer "pure" crude that comes from the same field each time; it can be difficult to maintain consistent chemical properties with blended grades.

At the moment, however, there is growing interest in medium blends that are easier to refine than thick heavy crudes but cheaper than lights, as U.S. refiners near the limits of abundant light crude they can easily consume.

"We have five refineries in the Gulf of Mexico we own or share," Del Pino said. "Most of the refineries were built there for medium-heavy oil. They are not adapted for the new light oil from fracking in the United States."

Venezuela last year imported Algerian Sahara crude blend to dilute its ultra-heavy Orinoco Belt oil during the maintenance of a heavy-crude upgrader, using it as a substitute for more expensive naphtha that it has historically used.

Most went to its U.S. refining subsidiary Citgo, Del Pino said. Citgo buys nearly 30 percent of the Venezuelan oil that is exported to the United States, according to U.S. data. But overall U.S.-bound sales

have fallen 38 percent since 2009. "We are evaluating that (blending oil) to (perhaps) repeat it," he said, adding that Venezuela had produced 20 million barrels from the 4 million barrels it bought from Algeria in two cargoes of Sahara Blend.

"Maybe we are going to repeat it, but with a different type of oil. Maybe we can find a better blend. The ideal blend is the one that best serves the market."

The proposal's success may hinge on whether freight rates would make it profitable to ship African crude to Venezuela for blending and then on to the markets. If not, the OPEC nations might prefer to simply sell their oil elsewhere.

Other U.S. refineries may be less interested in such blends. Some are already expressing frustration at increasing the amount of shale oil blended with Canadian crude because it results in feedstock with unreliable or undesirable characteristics.

A PDVSA director, Ruben Figuera, told foreign journalists at a briefing that the Algerian crude imports had saved Venezuela between \$10-20 a barrel.

"The strategy worked.

Everyone was happy," he said.

### MARATHASSA SPILL SHOULD MAKE OTTAWA CHANGE COURSE ON MARINE SAFETY

Given its "slow" reaction to a fuel spill in Vancouver harbour it seems too much to expect Ottawa to quickly change course to bolster its commitment to marine safety.

The spill of about 2,700 litres of fuel oil from the grain hauler MV Marathassa in English Bay this month prompted complaints about the response time from the Canadian Coast Guard as well as the closure of the Vancouver offices of federal agencies involved with environmental protection and public safety.

Prime Minister Stephen Harper's government has pledged to develop a "world-class" regime for marine safety and spill response as it promotes development of new pipelines to tidewater ports to move growing volumes of oilsands crude to global markets.

The Marathassa — a relatively small spill that's largely been cleaned up — should be a warning to Ottawa.

At a minimum, the communication and co-ordination between levels of government involved in a spill in one of Canada's busiest ports revealed significant shortcomings as even notification of emergency crews to contain the spill took hours.

"What we did learn is we aren't sufficiently coordinated in the harbour between levels of government," B.C. Premier Christy Clark said in an interview with Bloomberg. "We have got our work cut out for us to make sure that we raise our game on this."

Assurances from the Coast Guard that it did an "excellent" job to contain the spill aside, the Harper government must take the lead to make marine safety a clear priority if there's any chance of Canadians being confident the country is prepared for a worst-case scenario in an offshore spill.

This week marks the anniversary of one of those worst cases — BP's Deepwater Horizon 2010 well blow out that led to the deaths of 11 workers and more than 3 million barrels of oil spilling into the Gulf of Mexico. It could cost BP \$13 billion US and has severely affected the coastal fishery and tourism.

Clark has been adamant there will

April 21, 2015				
	Active	Down	Total	% Active
<b>Western Canada</b>				
AB	53	475	528	10%
SK	4	126	130	3%
BC	26	55	81	32%
MB	-	15	15	0%
<b>WC Total</b>	<b>83</b>	<b>671</b>	<b>754</b>	<b>11%</b>
<b>Eastern Canada</b>				
QC	-	1	1	0%
<b>Canada</b>	<b>83</b>	<b>672</b>	<b>755</b>	<b>11%</b>

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be no increase in tanker traffic off Canada's West Coast unless Ottawa delivers on its promises for marine safety and the Marathassa spill has her convinced the spill response capabilities are not yet "world class."

Finance Minister Joe Oliver could start to bridge the gap with Tuesday's budget by announcing a commitment to reverse the 2013 closure of Vancouver's Kitsilano Coast Guard base and the 2012 transfer of the local Environment Canada's Environmental Emergencies office to Montreal.

It would be a sign Ottawa truly sees environmental protection and public safety as critical to realizing its economic ambitions. The stakes are incredibly high.

More than 560 million barrels of crude oil already moves through Canada's coastal waters each year. That would surge with the construction of any of the proposed pipelines from the oilsands — Enbridge's Northern Gateway to Kitimat, B.C., Kinder Morgan's Trans Mountain expansion to Burnaby, B.C., and TransCanada's Energy East to Saint John, N.B.

The projects represent 2.5 million barrels a day of potential pipeline deliveries to tidewater and global markets.

Almost 65 per cent of the world's oil moves on maritime routes. Safety features such as double-hulled tankers and navigational aids including GPS have greatly diminished the number of oil spills

since the 1970s but the potential for disaster always remains.

There are reportedly about 14,000 spills annually but most are relatively small leaks of fuel from vessels like the Marathassa.

More than 150 million barrels of oil is shipped from Vancouver's port each year from the Trans Mountain pipeline that's operated since the 1950s but there would be a seven-fold increase in the number of tankers if the expansion to 890,000 barrels a day is approved.

Transport Minister Lisa Raitt revealed Ottawa's plans for a "world-class tanker safety system" with great fanfare in December 2013 just before a federal review panel approved Northern

Gateway, subject to Enbridge fulfilling more than 200 conditions.

Clark is also working to secure LNG terminals on the West Coast that will mean more ship traffic and greater need for marine safety.

Oliver has pledged to halt the run of seven consecutive years of deficit spending to set the federal Tories up for an election this fall. More than a balanced budget, he'd do better to deliver a budget that balances Canada's desire for economic growth with the need for environmental protection and public safety.

The Marathassa should serve a cheap lesson in the cost of getting up to speed after a spill.