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CANADA'S COME BY CHANCE REFINERY IN NEWFOUNDLAND SAMPLES NEW CRUDE ON OWN FRONT DOOR

Canada's Come By Chance refinery, located on the eastern island of Newfoundland, is for the first time buying domestic crude pumped from fields only a few hundred miles offshore, marking the latest addition to its increasingly versatile slate.

The 115,000 barrel-per-day refinery recently began taking deliveries of White Rose crude, a refinery spokeswoman confirmed. Until now, the relatively medium-sweet variety has been a stranger to the refinery, despite its close proximity in the northern Atlantic Ocean.

The first cargo was shipped in December, according to Husky Energy, which operates the fields that make up the roughly 45,000 bpd White Rose stream. At least four other vessels followed in April and May, passing briefly through the Whiffen Head terminal to a refinery dock about a mile away, according to vessel tracking data available on ThomsonReuters' Eikon.

Although the field has been pumping oil for a decade, most of the crude has been shipped to refiners on the U.S. East coast eager for nearby medium-sweet oil, with Phillips 66's Bayway refinery in New Jersey the largest buyer, according to U.S. Energy Information Administration data. Some also goes elsewhere in Canada and to Europe.

Come By Chance, run in recent years by an upstream Canadian oil venture and the South Korean state oil firm, had shunned White Rose in favor of longer-distance grades closer to the sour varieties it was mainly built to consume.

The deliveries are the latest sign of a new approach to crude supply by the new owners. It is also part of a flux in global crude supply routes, which have been tangled by the growth of production from U.S. shale fields.

"They have become a merchant refinery," said Ed Hirs, an energy economist at the University of Houston, referring to a type of freewheeling refinery that has no fixed supply or market.

The refinery was purchased in November by New York-based

SilverRange, run by Neal Shear, former top commodities banker at Morgan Stanley, and ex-Lehman Brothers executive Kaushik Amin. The team negotiated a new supply and off-take agreement with BP Plc and overhauled operational management at the site.

They also swapped a diet of Iraqi crude oil for shale oil out of Texas. The shale oil is not a perfect fit for the refinery, which prefers a medium-sour grade, but the owners are willing to run at slightly reduced rates to take advantage of the competitive pricing for U.S. crude oil, according to a person familiar with the facility's operations.

The same goes for White Rose. It's not a perfect fit, and the owners are blending it with other grades as part of the ongoing tinkering with the crude slate, the person said.

The White Rose oil fields, first tapped in 2005, are a joint project between Husky Energy, Suncor Energy Inc and the Newfoundland and Labrador provincial government.

Colleen McConnell, the Husky spokeswoman, said the firm has sold more cargoes this year, but declined to say how many.

Gloria Warren-Slade, a refinery spokeswoman, said, "the refinery runs different crudes from time to time, and White Rose happens to be one of them this time."

Oil fields off the coast of Newfoundland also produce Hibernia and Terra Nova crude as part of joint projects that include Exxon Mobil Corp, Chevron Corp, Murphy Oil Corp and Petro-Canada.

Combined, these oil fields sent an average of 100,000 bpd to the U.S. in 2014, making up the lion's share of the exports, according to Canadian customs information. In the first quarter of this year, as Come By Chance began accepting White Rose crude, non-U.S. exports have been on the decline, data shows.

"NO MORE BOMB TRAINS": ENVIRONMENTAL GROUPS SUE OVER WEAK REGULATIONS

A newly formed environmental coalition has a bone to pick with the rail industry. On May 6, in the North Dakota town of Heimdal, train carrying oil derailed and exploded, setting 10 tanker cars on fire and sending flames hurtling toward the sky. The U.S. Department of Transportation (DOT) stepped in with new regulations, imposing a 40 mile-per-hour speed limit on trains transporting crude through big cities. Environmental groups have largely seen it as a flawed and unhelpful measure, and on May 14 they filed a lawsuit against the department over inadequate regulations of trains that pose a threat to communities across the country.

That lawsuit was submitted to the 9th Circuit by Earthjustice, on behalf of seven organizations - the Sierra Club, ForestEthics, Waterkeeper Alliance, the Center for Biological Diversity, Washington Environmental Council, Friends of the Columbia Gorge, and Spokane Riverkeeper. All of them feel that the DOT's supposed safety standards are virtually nonexistent, in light of the many periodical oil train disasters that preceded the May 6 incident. The importance of rail safety, moreover, has careened into the national spotlight after an Amtrak derailment in Philadelphia on May 12, which killed seven people and left at least 200 injured.

“Again another derailment and explosion of a train carrying crude,” said Earthjustice attorney Kristen Boyles in regard to the Heimdal ordeal. “Again another community evacuated and its people counting their blessings that this didn’t happen half a mile down the track in the middle of town.” The DOT’s rules are “too weak and too slow. We need to get these exploding death trains off the tracks now.”

“We’re suing the [department] because these rules won’t protect the 25 million Americans living in the oil train blast zone,” said Todd Paglia, ForestEthics executive director. He addressed the lack of inclusiveness behind the new regulations, adding, “Let’s start with common sense: speed limits that are good for some cities are good forall communities.” He also remarked, “Ten years is too long to wait for improved tank cars, and emergency responders need to know where and when these dangerous trains are running by our homes and schools.”

That last bit is particularly important; while the Heimdal explosion did not cause any injuries or fatalities, prior incidents, like the infamous Lac-Mégantic explosion in Quebec, which killed 47 people, were much more devastating.

In a joint statement announcing the lawsuit, the groups declared, “The recent surge in U.S. and Canadian oil production, much of it from the Bakken shale and Alberta tar sands, led to a more than 4,000 percent increase in crude oil shipped by rail from 2008 to 2013, primarily in trains with 100 to 120 oil cars that can be over 1.5 miles long. More oil spilled in train accidents in 2013 than in the 38 years from 1975 to 2012 combined.”

The group listed numerous flaws and problems that need to be addressed with how the DOT handles oil trains, including allowing outdated tankers to keep carrying crude for 10 more years; allowing trains to move at much faster speeds in areas that are not considered major cities, such as rural areas with sensitive wildlife or even small towns; failing to impose the 40 mile-per-hour rule on trains hauling less than 35 tanker cars (a huge loophole in the new rule); allowing the industry to merely “retrofit” old tankers instead of replacing them; and allowing the rail industry to add 7,000 new tankers to U.S. railways next year, without bothering to remove the current outdated ones from rotation.

Matt Krogh, a campaign director with ForestEthics, said that even the imperfect regulations that currently exist “arrive years late and with the sticky fingerprints of an army of oil lobbyists all over them. We don’t need extreme tar sands and Bakken crude oil, and these trains are simply too dangerous for American tracks.”

And the 40 mile-per-hour ‘slap on the wrist’ doesn’t even begin to address the potential harm posed to ecosystems and water sources that are far outside the big cities, environmentalists note. “Oil trains derail, spill, and explode with frightening regularity, all while passing along and over our waterways,” said Marc Yaggi, executive director of Waterkeeper Alliance. “It’s time for the federal government to defend and protect our communities and waterways with the same vigor they have shown in promoting the fossil fuel and transportation industries.”

One of the coalition’s criticisms was the rail industry’s penchant for maintaining the constant usage of older tanker cars, when those models are problematic and long past their expiration dates. But as the North Dakota disaster has shown, even a full upgrade to modern cars cannot change the fact that oil-by-rail transport is a deadly activity. Amy McBeth, spokesperson for BNSF railway, inadvertently gave voice to this harsh truth, when she confirmed that the train that derailed in Heimdal consisted of the newer tanker cars. “The cars involved in the incident are the CPC-1232 models,” she remarked.

“The [current] oil train rules are obsolete before the ink is even dry,” said ForestEthics' Paglia. "The new rules would not have prevented this."

Yaggi concluded, "Explosive oil trains present a real and imminent danger, and protecting the public and waterways requires an aggressive regulatory response. We hope our challenge will result in a rule that puts the safety of people first."

CANADIAN GOVERNMENT CALLED ON TO FEDERALLY REGULATE FRACKING

The Council of Canadians called on the federal government Tuesday to implement regulation of hydraulic fracturing, or fracking, in Canada. The process, widely used for unconventional oil and gas recovery in western Canada, is linked to numerous human and environmental health threats and currently faces bans or moratoria in Quebec, New Brunswick, Nova Scotia, as well as Newfoundland and Labrador.

"The next Oka in Canadian history is going to be in B.C. and it's going to be about energy," indigenous lawyer Caleb Behn said during a press conference in Ottawa addressing the fracking boom in northern British Columbia and other parts of western Canada.

"I guarantee it. The writing is on the wall. It is just a question of when in my view. That is why the regulators need to step up."

Behn, who is Eh Cho Dene and Dunne-Za from Treaty 8 Territory in northeastern B.C., and Dr. Kathleen Nolan, co-founder of Concerned Health Professionals of New York, joined the Council of Canadians today in calling on the federal government to safeguard Canadians and their drinking water from the controversial method of releasing natural gas and oil trapped in rock-like shale.

"We need a national water policy that addresses threats to water such as fracking," Emma Lui, water campaigner with the Council of Canadians, told the press conference this morning at Parliament's Centre Block.

"With the upcoming federal election, the Council of Canadians hopes to see real federal leadership and commitments to protect our communities, health, water and our water sources from fracking," she said.

Hydraulic fracturing, or fracking, involves drilling underground wells 200 to 3,000 metres vertically and another 1,000 metres or more horizontally to penetrate the rock-like shale. Pressurized water mixed with hundreds of toxic substances (including benzene, hydrochloric acid, mercury and formaldehyde) is shot down the well to penetrate the rock and force natural gas or oil to the surface.

A single fracked well consumes anywhere between seven to 23 million litres of water. Poorly constructed or cracked concrete wells have led to the contamination of groundwater with fracking chemicals or methane, a main component of natural gas.

"There are roughly 200 chemicals used in fracking that we know about that have not been assessed by Health Canada or Environment Canada," Lui explained.

"There is a rapidly emerging body of evidence that shows harms from this activity (fracking) at every stage of the process. With contamination of air, water and social," Dr. Nolan said.

"People are getting sick."

Headaches, disorientation, rashes, seizures and asthma are some of the immediate health impacts airborne contaminants from fracking operations can have on people living nearby, Nolan said.

"With water contamination there's a lag time between the time the contaminants enter the water and then enters the person and then the person gets ill….it could take years or decades before the contaminants reach people," she said.

"What we are seeing is the tip of the iceberg and that the people who are sick now are basically our biomarkers."

Behn fears his home territory, which is located in and around Fort Nelson, B.C., and which is at the centre of the Fractured Land documentary, will be destroyed if federal and provincial regulators do not take significant steps to determine the impact fracking operations have on local populations and the environment.

"Absence of proof of harm is not proof of the absence of harm," Behn said.

A report commissioned and released by Environment Canada last year concluded the potential threat of fracking operations on groundwater "cannot be assessed because of a lack of scientific data and understanding."

NUMBER OF ALBERTA WORKERS COLLECTING EI SPIKES AS OIL SHOCK DEEPENS

The ranks of jobless workers receiving unemployment benefits are rising fast in regions now coming to grips with a plunge in global oil prices.

Statistics Canada said Thursday the number of people getting EI, or employment insurance benefits, rose to 517,900 in March — up 2,600 from the same month last year and the first year-over-year increase since February 2010.

Alberta, the epi centre of the country's economically important energy sector, was hardest hit, with the number of people receiving EI benefits in March, rising by 8.9 per cent to 38,800. It was the second biggest jump in claims since June 2009 amid the last recession when oil prices had similarly plunged.

It was also the fifth consecutive monthly increase for Alberta, which has seen energy projects halted or scaled back and resource jobs purged in recent months as world oil prices have fallen by roughly 50 per cent.

EI claims are also rising in other resource dependent regions. Saskatchewan had the second-biggest increase between February and March, with the number of people getting EI benefits up 3.8 per cent to 12,300.

Other increases were recorded in Nova Scotia (up 2.8 per cent to 28,400), Newfoundland and Labrador (up 2.2 per cent to 32,900) and Manitoba (up two per cent to 13,900).

British Columbia, Prince Edward Island and Ontario had smaller increases, New Brunswick had little change and Quebec saw the number of EI beneficiaries drop by 1.5 per cent from February.

The strain on households caused by dramatically lower oil prices—that are expected to remain low for at least the balance of the year—are manifesting in other ways.

A report from CIBC published earlier this week showed that personal bankruptcies have turned up for the first time since the recession.

Personal bankruptcies in Alberta rose by 6.5 per cent in the six months up to the end of February, the report said. In Saskatchewan and Manitoba, the cumulative number was up 11 per cent.

"The damage from lower oil prices is starting to show," CIBC economist Benjamin Tal said.

185,000 JOBS COULD BE LOST IN ENERGY INDUSTRY THIS YEAR, STUDY SAYS

Shrinking budgets in the oil and gas industry could lead to as many as 185,000 direct and indirect job losses in Canada this year, a new study says.

The report by Enform's labour market division says the potential losses would represent a 25 per cent drop in the number of jobs the sector supports and are the result of major budget cuts. It says the potential job losses are the result of major budget cuts in the industry, which is expected to spend $31 billion less this year compared to last year.

The industry is expected to spend $94 billion this year, down from $125 billion last year, the study said.

While Alberta would be the hardest hit by any cuts, the pain will extend across Canada, says Carol Howes, director of Enform's labour market division.

"Certainly the impact is fairly significant in terms of various provinces and various industries feeling the oil price downturn," Howes said.

The expected cutbacks are similar in scale to what happened in the 2009 downturn, says Howes, but back then the industry recovered fairly quickly as the global economy rebounded. She says the current downturn is more directly tied to the drop in the oil price.

The study says engineering construction firms are the most vulnerable, with roughly 75,000 jobs on the line, while exploration and development drilling could make up the second most losses with a potential 26,000 jobs gone.

Howes says oil and gas companies are increasingly looking at creative ways to avoid cutting staff including job sharing, shorter work weeks and reduced pay.

"Companies are really trying to balance that long-term objective of maintaining workforces and the short-term reduction in oil prices," she said.

The study is based on spending patterns from previous years and what oil and gas companies have already committed to spend in 2015.

Howes says the study's findings are similar to others done recently but it looks at all of Canada and at more job categories.

The job figures include both anyone employed by oil and Gas Company and anyone who sells directly to those in the industry.

"It may be the helicopter pilot who's flying for the industry," says Howes. "But it might not necessarily be the person who works down the road in a restaurant."

Last week, drilling firm Trican Well Services announced 2,000 job cuts across North America. The move followed job cuts at many major oil and gas companies in recent months.

Alberta's unemployment rate was 5.5 per cent in April, the highest since mid-2011 but still far lower than the 7.3 per cent unemployment rate reached in late 2009.

Oil was trading at around US$57 a barrel Tuesday, a far cry from the over US$100 a barrel it fetched in May of last year.

PRINCE RUPERT PORT COMPLETES INFRASTRUCTURE IMPROVEMENT

The Prince Rupert Port Authority announced on May 19 the completion of the Port of Prince Rupert's C$90-million road, rail and utility corridor (RRUC), unlocking new terminal developments and market access for Canadian exporters.

Representatives of the Port Authority were joined by project funding partners — the government of Canada, Province of British Columbia, Canpotex and CN — at an event held on the Ridley Island Industrial Site, where the last rail spike of the C$90-million project was driven. The government of Canada and the government of British Columbia each contributed C$15 million, CN provided C$30 million, Canpotex provided C$15 million, and the Prince Rupert Port Authority provided the remaining amount.

The completed RRUC was constructed over a two-year period with two local joint ventures, and supports multiple new large-scale terminal developments that will boost Canada's trade capacity with fast-growing Asia-Pacific markets.

The project includes the construction of five parallel rail tracks, a two-lane roadway, and a port-owned power distribution system along an eight-kilometer corridor. This shared-use infrastructure defines a long-term port development plan for Canadian export terminals that will provide the capacity to ship potash, liquefied natural gas (LNG) and other Canadian products to international markets. The RRUC will ensure that growth can be accommodated by a sustainable, efficient, coordinated platform.

"The success of this project exemplifies what can be accomplished when a strategic, long-term vision is executed by a partnership of public and private investment," said Don Krusel, president and chief executive officer of the Prince Rupert Port Authority. "The RRUC will expand the diversity of Prince Rupert's growing port complex and further link Western Canada to a world of opportunity."

Prince Rupert Constructors, a joint venture between Coast Tsimshian Enterprises, JJM Construction Ltd., and Emil Anderson Construction Inc., completed roughly 75% of the work on the RRUC. Coast Industrial Construction, a partnership between ICON Construction and the Gitxaala Nation (Kitkatla), was responsible for the remaining quarter of construction.

The Port of Prince Rupert's development plan is based on a goal of reaching an annual throughput capacity of 100 million tonnes of cargo as proposed terminal developments are completed over the next decade. Much of that forecasted growth is dependent on the introduction of additional infrastructure on Ridley Island to realize its development potential, minimize use conflicts between potential terminal developments, and maximize the industrial footprint of the lands under the Port Authority's jurisdiction.

TSX HIGHER AS CRUDE CLIMBS BEYOND US$60

The Toronto stock market ended higher on Thursday as oil prices bounded above the US$60-per-barrel mark.

The SP/TSX composite index was 130.78 points higher at 15,203.61, driven by the energy sector, while the loonie was down 0.08 of a U.S. cent at 81.91 cents.

Crude oil prices have been climbing since the U.S. Energy Information Administration released the latest inventory figures on Wednesday, showing a decline of 2.7 million barrels.

Crude oil made its biggest single-day rally in a month on Thursday, rising US$1.74 to US$60.72 a barrel on the New York Mercantile Exchange.

"Everyone seems to be focused on the short-term inventory numbers, but the bigger picture is total U.S. oil production," said Himalaya Jain, a portfolio manager at Scotia McLeod. The inventory data showed U.S. oil production dropped by 112,000 barrels for the week ending May 15, which was significantly more than usual.

On the TSX, the energy sector was the biggest gainer of the day, rising 2.2 per cent. Financials were also ahead, moving up 0.7 per cent, before the start of Canadian bank earnings season next Wednesday. The Bank of Montreal is the first bank scheduled to report.

Gold stocks were lower as June gold fell US$4.50 to end at US$1,204.40 an ounce.

Canadian e-commerce software maker Shopify Inc. soared out of the gate, with its

shares rising 97 per cent on its first day of trading. The Ottawa-based e-commerce company's IPO at US$17 per share raised US$131 million, more than the company expected. Shares of the company closed at $31.25 on the TSX.

In New York, markets traded in a narrow range in the face of mixed economic news in advance of the U.S. Memorial Day holiday weekend.

The Dow Jones industrial average was relatively flat, rising 0.34 points to 18,285.74, while the Nasdaq rose 19.05 points to 5,090.79 and the SP 500 advanced 4.97 points to 2,130.82, above its record high close of 2,129.20 on Monday.

In economic news, the U.S. Labor Department said more Americans sought unemployment aid last week, although the number of applications remained at a historically low level consistent with a healthy job market. Weekly applications increased 10,000 to 274,000, while the four-week average, a less volatile figure, fell to a 15-year low of 266,250.

Meanwhile, the Conference Board said its index of leading indicators rose 0.7 per cent last month in its biggest advance since a one per cent increase last July, a sign the American economy is beginning to accelerate from a sharp winter slowdown.

US IMPORTS OF NATURAL GAS FALL TO LOWEST LEVEL SINCE 1987

U.S. net imports of natural gas decreased 9% in 2014, continuing an eight-year decline. As U.S. dry natural gas production has reached record highs, lower domestic prices have helped to displace natural gas imports. Net natural gas imports (imports minus exports) totaled 1,171 billion cubic feet (Bcf) in 2014, the lowest level since 1987.

Imports by pipeline from Canada account for nearly 98% of all U.S. natural gas imports, and were the main driver of the decrease in total imports. Net imports from Canada represented 7% of total U.S. natural gas consumption in 2014, down from 11% in 2009.

U.S. natural gas exports also decreased in 2014, but at a slower rate than the decrease in imports, and were still 9% above the previous five-year average. Natural gas exports to Mexico, which account for nearly 50% of U.S. natural gas exports, increased 12% in 2014.

Net imports of liquefied natural gas (LNG) in 2014 totaled 43 Bcf, down 54% from the level in 2013 and continuing a five-year decline. LNG exports increased from 2013 levels, but not enough to offset a nearly 40% decrease in total LNG imports in 2014.

Net imports of natural gas have varied significantly around the country. New production from shale and other tight resources has helped to displace imports in certain regions. EIA's most recent analysis of natural gas imports and exports highlights regional trends in natural gas trade:

- Inflows of natural gas from Canada were equivalent to 50%-80% of New York's natural gas consumption as late as 2008. In 2014, however, outflows of U.S.-produced natural gas through pipelines that crossed into Canada through New York state exceeded inflows of Canadian gas through pipelines into that state, as increased production from the Marcellus region outpaced regional demand.
- Pipeline outflows of natural gas crossing into Canada through Michigan and Minnesota exceeded inflows of natural gas, but inflows increased and outflows decreased in 2014, likely because of increased demand during the winter months of 2014.
- Natural gas exports to Mexico through pipelines crossing the international border in Texas, California, and Arizona increased to a record 706 Bcf in 2014 to meet increasing demand from new natural gas-fueled power plants in Mexico. Higher production of natural gas from the U.S. Gulf Coast and the Eagle Ford Shale in southern Texas contributed to the increase in exports to Mexico.