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Published By: NEWS COMMUNICATIONS since 1977

Wednesday December 9th, 2015

TERRORISTS COULD INFILTRATE CANADIAN OIL PROTESTS, REPORT CLAIMS

Intelligence report assesses possibility that otherwise harmless anti-petroleum activists might unwittingly harbour dangerous extremists.

Intelligence officials are concerned that extremists might infiltrate peaceful anti-petroleum protests to "incite violence," a newly disclosed assessment indicates.

The federal analysis of threats to the passenger rail system introduces a new twist to the often tense debate over state scrutiny of environmental demonstrators — that otherwise harmless activists might unwittingly harbour dangerous terrorists.

The assertion — contained in a Transport Canada intelligence report — led one defender of civil liberties to ask whether there is evidence to support it.

"I do think it's dangerous to start painting activism as a potential cover for terrorist activities," said Cara Zwibel, director of the fundamental freedoms program at the Canadian Civil Liberties Association.

The Canadian Press recently obtained a copy of the six-page, November 2014 analysis by Transport's security intelligence assessment branch through the Access to Information Act.

Overall, the assessment warns that surface transportation such as passenger rail is "a favoured target of terrorists" because attackers can inflict mass casualties, fear and economic harm using simple tactics — particularly improvised explosive devices.

It points to the 2004 Madrid and 2005 London bombings as well as a more recent,failed plot to derail a Via Rail passenger train — all led or supported by Al Qaeda.

Future plots against passenger rail in Canada are possible given the emphasis on "solo jihad" by Al Qaeda and the Islamic State of Iraq and the Levant, past statements from their members and supporters, and the ease with which an attack could be carried out, the report says.

But it also cites the prospect of violence by so-called domestic extremists — people on the left or right end of the spectrum motivated by various political, social, environmental and aboriginal issues. Possible attacks or sabotage against rail transportation "are of concern," the assessment says.

At the same time, there are many "legitimate, non-violent activist groups" in Canada that seek to influence policy and garner publicity through protests — sometimes by blocking rail lines, the report notes.

"Currently in Canada, there is considerable opposition to pipeline construction, oil sand extraction and the movement of crude oil by rail. Protests and demonstrations at or near surface infrastructure are ongoing and may increase in the near-term," the assessment adds.

"While these types of events are not inherently a threat to security, domestic extremists may seek to infiltrate these events and use them as opportunities to incite violence. A vigorous protest cycle may trigger an increase in domestic extremist activity."

After reading the intelligence assessment, Zwibel is curious about the basis for this assertion.

"I'm just wondering where that comes from — if there's some good evidence to suggest that that's the case, it's not in here as far as I can tell," she said.

Zwibel is concerned that authorities could use the notion of infiltration as justification "to engage in surveillance or profiling of legitimate, non-violent activist groups."

The Conservative government's omnibus security bill, which received royal assent last June, drew fierce criticism from environmentalists, aboriginal leaders and others who feared the provisions could be used to spy on dissenters — something the government denied.

The new Liberal government has promised to repeal "problematic elements" of the legislation but it is unclear how extensive the revamp might be.

SLUMPING OIL PRICES TANK CANADIAN DOLLAR

Tumbling crude oil prices drove the Canadian dollar to its lowest level in 11 years on Monday, sparking fears for the country's fragile economic recovery.

The dollar was trading at 73.99 cents US around midday on Monday. That's the first time the loonie has slipped below 74 cents US since June 2004.

U.S. benchmark West Texas Intermediate oil dropped $2.22 US to below $38 a barrel, setting a new low for the year and hitting its lowest level since 2009, as energy markets digested Friday's failure by the Organization of the Petroleum Exporting Countries to limit oil production.

The collapse in oil prices is driven by an oversupply of oil in the global markets of up 1.5 million barrels per day, said Dinara Millington, vice-president of research at the Canadian Energy Research Institute. Overall the oil glut was caused by the shale gas revolution in the United States and the attempt by the OPEC countries to maintain their market share, Millington said.

Members of the increasingly fractious cartel are currently pumping out about 31.5 million barrels a day. The cartel's 13 member countries have set aside any talk of a production cap until at least its next group meeting, currently scheduled for June, OPEC president Emmanuel Ibe Kachikwu told reporters over the weekend.

Historically OPEC has acted as a swing producer and has more or less successfully managed the oil market for by capping the amount that it allows to enter the market, Millington said.

Although its influence has been diminished by concerted efforts in non-OPEC nations such as the U.S. and Canada to pump out more oil, OPEC still controls about a third of the market.

"With the last price collapse it was sort of almost expected that the OPEC members would react in a similar manner but they didn't" Millington said. "They were protecting the production levels coming from their member countries more so than the level of prices."

It's believed that the cartel was willing to see oil prices crater in an attempt to drive U.S. shale producers out of business, because the latter have much higher production costs and can't stay profitable for long in a cheap oil environment.

Further declines in oil prices threaten Canada's fragile economic recovery. While the cheap dollar has helped Canadian manufacturers and the service industry by making their goods and services more affordable for foreign buyers, the loss of income in the energy sector has made companies a lot more shy to invest in capital-intensive resource sectors.

The falling oil prices are particularly bad news for the economy of oil-rich Alberta. The province, which had become Canada's economic engine in the last few years, suffered a recession this year and has seen its unemployment rate spike to 7 per cent from 4.5 per cent at the start of the year.

ALBERTA ENERGY MINISTER APOLOGIZES FOR SUGGESTING OIL WORKERS MOVE TO B.C.

Could laid off oilpatch workers in Alberta get jobs in British Columbia while they wait for the market to rebound?

That was the suggestion by Alberta's Energy Minister in a speech to the Canadian Association of Petroleum Land Administration on Thursday.

"Certainly there are always talks of about mobility of jobs between provinces so maybe they can go work in B.C. until it gets better and come back home," said Marg McCuaig-Boyd, as part of a response to a question of what retraining opportunities were available for unemployed workers.

"It's a tough time for everybody, not just oil and gas, there's lot of jobs being lost in the services sector…this oil price is hurting a lot of Albertans, so you just have to hunker down and get through it."

McCuaig-Boyd later apologized for her comments, telling the radio station radio station CFFR that it was not the position of either herself or the government on jobs.

McCuaig-Boyd is the NDP MLA for Dunvegan-Central Peace-Notley, which borders British Columbia and is next to the province's Peace River region, where natural gas is a key economic driver.

The Canadian Association of Petroleum Producers estimates Alberta's oilpatch has lost 35,000 workers this year due to oil prices remaining below $50 a barrel.

COP21: BIG OIL IN HIDING AT PARIS CLIMATE TALKS

Oil executives avoid the spotlight as world leaders debate the future of fossil fuels

With signs reading "freeze tar sands expansion" and other similar messages, members of a group called the Canadian Youth Delegation chant as loud as they can.

They're hard to miss as they shout from the main concourse inside the United Nations conference on climate change in Paris.

"The time for action is now," Calgarian Nimra Amjad says in an interview. "It's important to show that youth from Alberta care about a green-energy economy and that we want to shift away from fossil fuels."

The next day, another group with a similar tune: Oil Change International calling for countries, including Canada, to stop subsidizing fossil-fuel companies. The demonstration is led by Alex Doukas, a Canadian who has lived in Calgary and Toronto.

Daily demonstrations are the norm at this conference, with fossil-fuel companies frequently the prime target. It's one reason why the big oil and gas companies are keeping a low profile in Paris.

One week into the conference and it seems those energy companies prefer ad campaigns and sponsorships here in Paris, instead of setting up public pavilions and booths, as hundreds of other government organizations, NGOs and companies have done.

Media interviews are regularly refused and, when executives do speak at one of the countless conference events, the moderator is either part of an energy company or at the very least an industry-friendly voice.

Another reason for averting attention is the scandal brewing in the United States with Exxon Mobil.

New York's attorney general is examining whether Exxon Mobil deceived investors about the causes and impacts of climate change. The company rejects the notion it suppressed research.

One oil executive from a different company said he wasn't allowed to do any interviews because his head office is worried about the Exxon Mobil developments. The executive said his company didn't want anyone to say something wrong at the UN conference, a massive international environmental stage.

Big Oil's low-key approach in Paris is understandable on one hand and yet absurd on the other.

"I don't get the low-profile myself," says Donna Kennedy-Glans, a former Calgary oil executive and provincial politician. "This is not a battle between catastrophists and complacents. It's a battle for good ideas."

She is part of Viewpoints Alberta, a group aiming to spur conversation about the province's energy future.

"If I were an oil company representative and I were here," says Kennedy-Glans, "I would to talk to as many people as possible about what works, what doesn't work and how do we get all hands on deck?"

The lack of presence by the oil and gas industry at the climate conference speaks to a growing disconnect between the energy sector and general public.

"It's easy to imagine a prolonged, public struggle going forward," said Elliot Diringer, with the Center for Climate and Energy Solutions, during a presentation at the UN conference. "That will mean a shrinking space for collaboration and co-operation. It's incumbent on the industry to think about how it positions itself in light of that and how it responds."

He suggests environmentalists, especially, will be energized by the Paris talks to be more aggressive with Big Oil.

"I think there are strong signs of increasing pressure from many elements of civil society on industry," said Diringer. "They've scored points on the coal industry and are now turning their sights to the oil industry."

The oil and gas sector does not have much to gain at these negotiations. Nevertheless, the companies are pushing for countries to adopt carbon pricing systems and for nations to come up with a strong climate agreement, so industry knows what to expect in the years ahead.

Diringer suggests the oil and gas companies are missing an opportunity to improve perception. Big Oil CEOs should not just talk about wanting carbon pricing, but should roll up their sleeves and aggressively lobbying for such policies. In addition, they need to explain how they see their business model evolving and can they offer a convincing vision of surviving and thriving in a low carbon world.

Diringer has advice for oil executives: “You are really going to have to devote some energy to repositioning the image of the industry as a solution instead of as a problem.”

It’s difficult for Big Oil to even cast itself as committed to helping the world transition to a low-carbon future, since the investments by them in renewable energy are dwarfed by the money spent on new oil and gas projects.

“Oil and gas ... will still be an important part of the mix for the foreseeable future.” said Gérard Moutet, a vice-president with oil and gas company Total. “If we look to 2030, oil pollution will be about the same today and more gas pollution.”

Moutet made those comments on a big stage, following a speech by Al Gore, in front of hundreds of people. Not everyone was pleased.

“For me it’s just not understandable because we all know that 80 per cent of all fossil fuels have to be kept in the ground for us to have a future,” said one woman from the environmental group 350.org, who stood up immediately to comment. “When you talk about your business plan, I don’t care and I don’t believe it.”

These types of interactions have been rare because the events that most oil executives are participating in were scheduled for Friday night and late Saturday afternoon, when many delegates and environmentalists are off enjoying the Paris sights and nightlife. At most, 20 people attended both sessions.

It’s obvious from the protests in Paris the industry has an image problem, but Big Oil itself can’t seem to acknowledge that. It’s continually on the defensive, instead of joining the conversation.

It’s baffling because if the stakes are as high as scientists fear, everyone needs to contribute, especially the companies with expertise in the energy field.

The Paris climate conference is the biggest environmental event of the decade and so far, a missed opportunity for an oil and gas industry that doesn’t seem motivated to sit at the table.

EDMONTON GAINS WHILE REST OF ALBERTA SUFFERS OIL-PRICE JOB LOSSES

Edmonton bucked the provincial trend in November by gaining 6,900 jobs, according to information released Friday by Statistics Canada.

Alberta lost nearly 15,000 jobs last month as the oil-related slump continued to take a toll. Calgary and Fort McMurray took the biggest hit, with Calgary posting 6,000 fewer jobs.

John Rose, chief economist with the City of Edmonton, said Edmonton’s numbers are not a blip, but part of an on-going trend.

“We’ve now had seven months in a row of employment growth,” Rose said. “With weakening throughout the province, particularly in the energy sector, one would have expected, even if we continued to see job growth, it would be much choppier month to month.”

Rose said there have been job losses in select sectors of the economy particularly in jobs related directly to the energy sector, but also in areas such as manufacturing logistics, and professional services including car mechanics, realtors and hair stylists.

Gains were seen in areas like education, healthcare and retail, he said.

However, Rose admitted the new jobs may not pay as much as ones that were lost.

“Obviously when you lose jobs in the energy sector, which is the highest-paid sector in the Alberta economy, inevitably those are replaced by jobs with lower wages and salaries.” he said.

Going forward, Rose said there’s been a tendency towards part-time employment in the last two months, something he described as “worrisome.”

“If we continue to see a trend to part-time employment only; it could have negative implications for the consumer.” Rose said. People who work part-time have less money to spend and don’t make big purchases such as a house or a new vehicle, he said.

Edmonton continues to do well nationally, with employment growing almost five times the national average, generating almost a quarter of the net new jobs in Canada over the past year.

Rose attributes this to a relatively diverse economy as well as population growth, which is driving construction activity.

The big question, he said, is if this trend will hold.

“As we move into the second half of 2016, and many of the projects that are underway right now in Edmonton begin to wrap up, where’s the momentum going to come from in the latter half of 2016, and beginning of 2017 to sustain these growth rates?, Rose said.

“If we don’t see some kind of recovery in oil prices, and I mean significant recovery in oil prices, we could see a much softer employment picture towards the end of 2016.”

Job losses across Alberta pushed the unemployment rate up 4/10ths of a percentage point to 7.0 per cent for November.

This is the biggest decline in employment among the provinces and leaves Alberta’s unemployment rate at a five-year high.

OIL AND GAS PROJECTS NEED TO PROVIDE MORE OPPORTUNITIES FOR FIRST NATIONS, SAYS B.C. CONTRACTOR

Blueberry First Nations contractor proposes “contractor coalition” for more, longer-term jobs

A Blueberry First Nation band member and owner of a contracting company in Fort St John wants to form a coalition of First Nations contractors to make sure they get their fair share of jobs for development in the Peace.

With major oil and gas development ongoing in the region — and, of course, the planned Site C dam — Clarence Apsassin wants First Nations to benefit from developments on their territory.

“We are involved in the oil and gas industry at a smaller scale as First Nations. We’re trying very hard to break into the industry,” he toldDaybreak North host Russell Bowers. “All the oil and gas is coming from the north, which happens to be right in the midst of our traditional territory.”

Apsassin says he hopes a contractor alliance would help build capacity among First Nations tradespeople who he says have been excluded from the bigger jobs associated with oil and gas development.

While there have been promises of jobs in the past, he says those promises have just been “rhetoric.”

“That’s been going on for decades. They come in and meet with us, we have one or two labourers on a job and they think that’s good enough. Well, it’s not good enough. We have to be involved in a higher capacity,” he said.

“The construction phase, the environmental aspect of that, we are providing, as we’re growing, more and more services if we can. But if we’re not involved in a higher capacity, how can we make the money in terms of providing better services to the oil and gas industry and also BC Hydro?”

He says that while there have been some short-term opportunities for First Nations people on these projects, he’s hoping for more long-term ones as well as apprenticeship opportunities for young people.

TRANSOCEAN LANDS OFFSHORE CANADIAN RIG DEAL

Rig services company Transocean said it reached a deal with Husky Oil Operations Ltd. for activity off the coast of Canada for about $200 million.

Under the terms of a two-year deal, Transocean leases its Henry Goodrich harsh-environment rig for a day-rate of $275,000.

“The estimated contract backlog excluding mobilization is $200 million,” Transocean said in a statement. “The rig is expected to commence operations in the second quarter of 2016.”

The lease comes at a time when energy companies are spending less on exploration and production because of lower crude oil prices. For the week ending Dec. 4, Canada counted 177 rigs in active service, down about 4 percent from the previous week.

Revenues of $1.6 billion for the third quarter for Transocean were down 14 percent from the second quarter. Husky, meanwhile, said it too was bruised by the lower oil price environment, cutting planned spending from $5 billion for 2014 to $3.1 billion. The company said it was transitioning its spending to focus a higher percentage on production.

Husky in September started production from the South White Rose site off the coast of Newfoundland and Labrador. Two wells should lead to a peak production rate of 15,000 barrels per day.

Newfoundland’s provincial government said many reserve basins off the eastern coast of Canada are past their prime.

CP RAIL RAIDED SECOND TIME OVER B.C. TRAIN LEFT WITH NO HANDBRAKES

Transport Canada targets supervisors in widening probe of train parked uphill from Revelstoke

Transport Canada alleges three CP Rail supervisors — not the train crews — are responsible for leaving 57 rail cars parked on a mountain slope without proper handbrakes earlier this year above Revelstoke, B.C.

Two of the parked cars contained dangerous goods, investigators say they were told.

In their investigation of the incident, federal safety investigators raided CP Rail’s Calgary headquarters in early November, for a second time this year.

In the search warrant for the raid, Transport Canada alleges that the company and three supervisors violated emergency rules intended to prevent runaway trains and derailments brought in after the Lac Megantic tragedy in July 2013 involving the now defunct Montreal Maine and Atlantic Railway.

Following the disaster, former Conservative transport minister

Lisa Raitt issued an emergency directive demanding railways apply handbrakes on all parked trains in case air-brakes failed.

In the Lac Megantic crash there were too few handbrakes applied, which allowed the locomotives and tanker cars filled with crude oil to roll downhill, eventually derailing, exploding and killing 47 people.

The B.C. incident involves allegations that CP Rail ignored those emergency rules during the night of Feb. 14-15 as it faced a nationwide strike by locomotive engineers and conductors.

CP workers were set to walk off the job at midnight in a strike and company managers were directing crews to park their trains and "tie down" their cargo.

Train 401 was descending CP Rail's "Mountain subdivision" approaching Revelstoke when the conductor said she was ordered to leave the rail cars on a grade above the town and not to take extra time to apply hand brakes, as per the minister's emergency directive.

It was first reported on the case last spring after learning Transport Canada had begun an investigation and searched CP's Calgary headquarters in May.

During the first raid, investigators seized audio recordings of radio and telephone calls from the night in question between the train crew and the "rail traffic control centre" in Calgary.

After listening to those calls, rail safety investigators have expanded their investigation.

On November 2nd Transport Canada obtained a second warrant and searched CP's headquarters again.

According to the warrant papers filed in court, investigators listened to the audio recordings and now believe the train crew was ordered to ignore the rules by three CP Rail supervisors: Superintendent Mark Jackson and two unidentified employees working in the control centre

Transport Canada seized CP scheduling records, time sheets and shift change memos in a bid to confirm the supervisors' identities.

None of the allegations in the warrants has been tested in court. And CP Rail refused to identify the supervisors when asked.

"CP continues to co-operate fully with investigators. As this is an ongoing investigation, we have no further comment," CP's vice-president of public affairs Martin Cej said in an emailed statement.

CP Superintendent Mark Jackson did not respond to requests for comment. When reached last spring by telephone, Jackson said: "At the time, based on the info that was provided; it was going to be a safe move. I know myself I've been cleared of any wrongdoing in this."

It was also learned that in September rail inspectors visited the site of the alleged incident at Greely Sideroad, several kilometres uphill from Revelstoke.

Using a Hy-Rail truck they performed tests and took track measurements to calculate the distances, speeds and potential risk had Train 401 rolled downhill.

Fortunately, the train remained in place without incident, and was later picked up and moved by CP managers. But because of the potential for a runaway above the community of Revelstoke the incident has sparked a major investigation.

Acknowledging that secondary air brakes on parked trains are unreliable and often fail or "leak off," Canada's transport minister issued new emergency handbrake rules in 2014.

"They're the only means of securing a train if the air leaks off," rail braking expert Steve Callaghan said. "You are always at risk of collision, or accident, or derailment if the cars begin to move."

Callaghan is expected to be a witness for the prosecution in the Lac Megantic case. He won't discuss that case but says the Revelstoke incident deserves thorough investigation.

"They are taking it seriously because you are dealing here with a ministerial directive which applies to every railroad," Callaghan said. "It was literally to prevent runaways from occurring. That's the whole gist of it."

Transport Canada's investigation sparked an angry public exchange last June between Raitt, the former minister, and CP Rail's boss, Hunter Harrison.

Raitt spoke forcefully about prosecuting the railway and even its executives, as has been done in the Lac Megantic case, if CP is found to have ignored her emergency directive.

Harrison lashed back, accusing Raitt of making threats and accusations when "the facts have not yet been established."

"To suggest that there is any parallel between these allegations and the tragedy of Lac-Mégantic is, at best, unfortunate," Harrison said in a statement issued June 23, 2015.

Transport Canada won't discuss their investigation, and the regulator has not laid any charges.

Penalties for violating an emergency directive under Canada's Railway Safety Act include fines of up to $1 million against a company and up to six months in jail for individuals.

BRUCE POWER TO SPEND $13B TO REFURBISH 6 NUCLEAR UNITS

Start date of 15-year refurbishment project pushed back to 2020

The Ontario government has announced plans for a $13-billion refurbishment of the largest nuclear power plant in Canada.

The Liberal government announced Thursday it will delay the start of Bruce Power's 15-year project to refurbish six nuclear reactors at its generating station near Kincardine, Ont., to 2020 instead of the original date of 2016 to squeeze more life out of the existing reactors.

Bruce Nuclear provides a third of all the power in Ontario.

Factoring in the costs of the project, the province forecast's the average residential power bill will exceed $190 a month once the refurbishment is under way, in 2025.

The electricity generated by the nuclear reactors at Bruce will increase to 6.57 cents a kilowatt hour on Jan. 1, 2016, and rise as each reactor is refurbished to 7.7 cents by the end of the contract.

The government says this will save the average household using 800 kilowatt hours a month of electricity about $66 a year.

Bruce Power takes on the full risk of cost overruns in the update to the 10-year-old agreement between the TransCananda-owned company that operates the nuclear reactors and the provincial government that owns them.

OPEC May Have Sealed the Fate of Canadian Oil Sands ltd.

Monday was a bloodbath for energy investors as the market continued to digest news of OPEC's decision to keep the spigots open. The WTI oil price even reached a new six-year low and trades well under US$38 as of this writing.

As would be expected, the most heavily levered companies saw their shares fall especially hard. MEG Energy Corp. fell by nearly 10%. Baytex Energy Corp. fell by 17%. Penn West Petroleum Ltd. fell by 18%.

Yet Canadian Oil Sands Ltd. (TSX:COS), another heavily indebted energy producer, fell by only 6%. The reason for its relatively tepid fall is rather obvious: it's because of the unsolicited takeover offer from Suncor Energy Inc. (TSX:SU)(NYSE:SU). Yet the decision by OPEC affects Canadian Oil Sands in other ways. We take a closer look below.

As we all know by now, Suncor's diversified operations and strong balance sheet protect the company from decreases in oil prices. Monday was yet another example as the company's shares fell by only 3.5%.

As a result, Canadian Oil Sands now trades at a 6% discount to Suncor's offer. In other words, if Canadian Oil Sands were to accept Suncor's offer today, then its shares would instantly jump by 6%. On the other hand, if Suncor's offer fails and Canadian Oil Sands is unable to find a rival offer, then the shares would probably fall below $6, a decrease of more than 25%.

There's another way of looking at this. Back on October 5, when Suncor offered the equivalent of $8.84 per Canadian Oil Sands share, WTI was at US$45.54. In the two months since then, WTI has fallen by 18%, while the value of Suncor's offer has fallen by less than 2%.

Meanwhile, Canadian Oil Sands has roughly one month to find a higher offer. But given how attractive Suncor's offer looks now, there's little chance of a higher offer emerging.

Now that Canadian Oil Sands is trading so far below Suncor's offer, this could easily draw the attention of risk arbitrageurs looking to make a quick buck.

So how would these risk arbitrageurs make their money? Well, the first step is buying Canadian Oil Sands shares. Step two is selling Suncor shares short. Then as long as the deal goes through, anyone making this bet ends up with a nice return.

This presents a problem for Canadian Oil Sands's executives. They are trying to convince shareholders that over the long term, Canadian Oil Sands is better off on its own. But as oil prices fall and risk arbitrageurs enter the picture, such arguments are likely to fall on deaf ears.

With all that in mind, it now looks very likely that Suncor's bid will be successful.