



Sign Up with the Oilfield News Online



Weekender

www.oilfieldnews.ca

www.wilsonimmigration.com
 What Immigration, Network, Immigration Corp.
 Your gateway to a new life.
 660 Rocky Mountain Plaza, 615 Macleod Trail SE, Calgary AB
 Phone: 403.264.2923 / Fax: 403.266.5162
 403.266.7143
 Toll Free: 1-888-657-8255
 Ann Wilson, CRRP, ICCRC R421415
 (Formerly Citizenship Judge)
 ann@wilsonimmigration.com

Published By: NEWS COMMUNICATIONS since 1977

Saturday January 4th 2016

FIVE NEW YEAR'S RESOLUTIONS FOR PREMIER CHRISTY CLARK

Premier Christy Clark has less than 17 months in office before the next provincial election.

That's one reason why 2016 will be especially important for her.

To offer the premier an assist, I came up with five New Year's resolutions that might keep Clark on the job for years to come.

1. Stop claiming that liquefied-natural gas is a bridge fuel to a cleaner future.

I can't count the number of times I've heard the premier and her minister of natural gas development, Rich Coleman, say that LNG is good for the environment because it will displace dirty coal as an energy source.

Knowledgeable analysts, such as former CIBC World Markets chief economist Jeff Rubin and Canadian Centre for Policy Alternatives economist Marc Lee, have highlighted the magnitude of fugitive emissions from fracked shale gas, which will be cooled into a liquefied form for export.

Rubin has bluntly stated that it's debatable whether this energy source has a lighter carbon footprint than coal after it's shipped to Asia. The Pembina Institute has also reported that B.C.'s LNG strategy won't help address climate change.

Every time the premier claims that LNG is a bridge fuel to a cleaner future, she comes across as either ignorant or dishonest. Clark should shelve this rhetoric because it undermines her government's credibility.

2. Put Moira Stilwell in cabinet. The Vancouver-Langara MLA has been in the penalty box—oops, I meant on the back benches—for far too long.

There's a crisis of confidence in the Ministry of Children and Family Development, which has only been made worse by the recent report by former civil servant Bob Plecas.

It requires someone with sufficient depth and gravitas to reassure the public and repair damaged relations with First Nations organizations. Stilwell capably oversaw the Ministry

of Social Development under Gordon Campbell. And Vancouver remains under-represented in the B.C. Liberal cabinet with only two members.

We get that this premier doesn't like the fact that Stilwell ran against her for leader and that Stilwell later threw her support to cabinet colleague George Abbott. We also understand that the premier has it in for Vancouver after voters in Point Grey defeated her in the last election.

But it's time to bury the hatchet and make competence, not obedience, the grounds for addressing a serious problem that affects thousands of kids across the province.

3. Make postsecondary education a priority

It's amazing that Clark and her finance minister, Mike de Jong, cut the budget for advanced education while running an \$879-million surplus this year. The punishing of young people because they don't vote in the same numbers as seniors will end. The creative economy requires an educated workforce.

4. Raise the minimum wage

The Straight reported earlier this year that B.C.'s new \$10.45 minimum wage is among the lowest in Canada. Clark has locked it in to the Consumer Price Index, which ensures B.C. will retain that distinction for years to come. She needs to fix this.

5. Read more books

This is a good resolution for everybody, including a premier whose economic policies sometimes seem rooted in discredited economic theories.

CANADA'S BEATEN AND BEDRAGGLED OIL AND GAS ASSETS 'NOW ON SALE'

Canadian oil and gas investors' worst nightmare came to pass in 2015 as crude oil prices spiraled down with each passing month, but some believe it may have hit rock bottom.

"Both the oil and gas commodities have been absolutely decimated," said David Taylor, who manages the half-billion dollar IA Clarington Focused Balanced Fund based in Toronto.

"When you take a look at some of the lowest cost producers with the

best assets in the best jurisdictions, and if these companies can't make money in this commodity scenario, then you know you have got to be close to the bottom."

West Texas Intermediate hit a six-year low to US\$33.98 per barrel this week, with the Canadian heavy benchmark trading at an even lower US\$31.32 per barrel.

Citigroup Inc. says crude could fall into the US\$20s if inventories rise further, while Goldman Sachs Group Inc. also warns of "high risks" of a further decline. But analysts are hopeful that fundamentals point to a recovery in the next year.

"We are at a price point that will not enable future demand and so we are confident there will be a recovery at some point," Jackie Forrest, vice-president energy research at Calgary-based private equity firm ARC Financial Corp. said in an interview. "But in the short term it is looking challenging even into next year."

OPEC scrapped its production ceiling earlier this month, giving its members carte blanche to produce at record output levels, as it maintains its policy of driving down prices to squeeze out high-cost producers.

With Iran expected to bring more supply into the market once it shakes off sanctions early next year, and U.S. lawmakers scrapping a 40-year oil export ban, the world will likely remain oversupplied for some time.

If the situation persists, the Canadian oil and gas sector will become smaller, and produce less conventional crude oil and natural gas, said Martin King, analyst at investment dealer FirstEnergy Capital Corp. "When you take those type of stress test on prices it will impact the sector on a wide scale."

The S&P/TSX Capped Energy Index has fallen 28.5 per cent year-to-date, compared to the 26 per cent decline in the Dow Jones Global Oil Shares Index. But the Canadian



Yorkton Auction Centre

We have clients looking for Drill Stem, Sucker Rod, Oil Field Equipment. Grand Opening of NEW Location April 23rd, CONSIGN to the record AUCTION SALE.

Ph. 306-272-8311



www.yacauctions.com

Auctioneer: paul@yorktonauctioncentre.com

Box 843, Yorkton SK

S3N2X1

energy sector's decline is even more pronounced if the loonie's depreciation against the American dollar is taken into account.

Laura Lau, senior portfolio manager at Toronto-based Brompton Corp. says investors, especially from the U.S., are concerned about Canada's currency and changes to the oil and gas royalty regime expected in Alberta next year.

There is a structural change under way, too, as U.S. investors now have the option to stock-pick enterprising American oil and gas companies.

"In the past if they wanted to have oil exposure, the Americans would come to Canada," Lau said in an interview. "But they don't have to do that now."

Lau's US\$106 million Dividend Growth Split Corp. fund is stocking up on American names — a move it never contemplated in the past. But from the depths of despair is the hope that investors may look more favourably on the battered Canadian oil and gas stocks next year.

"Canadian energy stocks are trading at a discount, definitely compared to the Americans," Lau said.

While it's tough to foresee the entire Canadian oil and gas complex rebounding if commodity prices recover, the major players will live to fight another day, says Taylor, who believes the Americans would return to the Canadian market.

"When you take a look at our Canadian assets on a global basis, they are attractively priced," Taylor said. "Not only can you buy these stocks cheaper on a valuation and historical basis, but if you are using U.S. dollars to buy Canadian assets, they are now on sale."

RBC Capital Markets says

Canadian Natural Resources Ltd. and Cenovus Energy Inc. are its "favourite" picks for 2016.

"Managing balance sheet leverage and capital spending will be the name of the game in 2016, but select integrated and senior producers offer medium-term growth visibility and warrant a closer look," Greg Parly, analyst at RBC Capital Markets, wrote in a note to clients.

Taylor says stocks such as Paramount Resources Ltd. and MEG Energy Corp are being beaten up as the market is not recognizing their midstream assets that offer considerable value.

Saskatchewan-focused WhiteCap Resources Inc. and Crescent Point Energy Corp. may also get some investor love till Alberta's royalty regime uncertainty subsides.

However, natural gas players will once again remain under pressure. AECO natural gas prices are trading at \$2.28 per million cubic feet, and producers have been operating in a low-price environment for years, with few upside catalysts on the horizon.

"Natural gas has always been about the weather, and the weather has been very warm this year," says Lau, who has a five per cent exposure to gas stocks in her fund. "I just see natural gas very range-bound."

National Bank Financial recommends playing defense in the volatile crude price environment.

"In the face of weakening oil prices, financial flexibility appears to be king," wrote National Bank analyst Brian Milne in a note to clients, suggesting that Suncor Energy Inc., PrairieSky Royalty Ltd., Vermillion Energy Inc., and Raging River

Exploration Inc. and Advantage Oil and Gas Ltd. were among its favoured "defensive picks."

The defensive strategy may be prudent as there is more pain to come, with more job losses, company closures and offloading of distressed assets in 2016.

"Companies will be stressed (at these prices)," says King. "There is more shakeout coming."

CAN FORT MAC SURVIVE PLUNGING OIL PRICES? ALBERTA'S OILSANDS CAPITAL HOPING TO TOUGH IT OUT

It's a bellwether of a place, Fort McMurray.

As a result of the collapse in global oil prices, there are fewer new oilsands projects planned for construction in the next few years, fewer people working at existing projects and fewer homes selling in the once-booming northern Alberta city. By November, Canadian Real Estate Association data showed home prices in Fort McMurray had fallen more than 19 per cent to about \$519,000, while the city's realtors, facing an absence of potential clients, were leaving town.

Forecasts don't offer much hope that oil prices will rebound, either. One predicts prices will average no more than US\$40 to US\$45 a barrel next year — not enough to justify new oilsands developments. Another theory holds that "oilsands labour demand may never return to historical peaks."

But the city and region of 125,000 people have been through these boom-and-bust cycles before, and Mayor Melissa Blake thinks the region can manage through it.

"Friends and neighbours — and unfortunately, some former neighbours — have all been affected by one of our toughest years in recent history," Blake said during a state of the region address, according to Fort McMurray Today.

She said they will fight and "forge a new path toward prosperity" and expects to "see a pipeline or two approved — eventually."

So will Fort Mac survive? Despite the brave talk, city politicians cut \$80 million in planned spending this year to avoid future property tax losses. That was in March, and both oil prices and property values have fallen since that time. Geoffrey Morgan

GAS PLANT WORKER KILLED IN FALL NEAR PIGEON LAKE

Occupational Health and Safety investigating

A 44-year-old Drayton Valley man died Tuesday after getting tangled in equipment at an industrial site near Pigeon Lake in Wetaskiwin County.

According to a statement from RCMP, the man was unloading fluid from a tanker truck into a storage tank at the InPlay Oil Corp. gas plant when he slipped and fell.

RCMP arrived on scene shortly after 9 p.m., joining members of the Wetaskiwin County Fire Department and paramedics who were first to arrive.

The man, who was an employee of Rockwater Energy Solutions, was pronounced dead on scene.

Occupational Health and Safety is investigating and a stop-use order has been issued for the tanker truck.

SCS SAFETY COORDINATION SERVICES

Safety Compliance Health Environmental Learning Leaders

Working safely may get old, but so do those who practice it. Because life and limb are on the line, we have assembled one of the best safety training libraries anywhere.

www.safetycoordination.com

On-site & On-location Training
7 Days A Week

780.485.3585

7633 50 St, 2nd Flr.
Edmonton AB
T6B 2W9

www.leducsafty.com 1903 - 4th Street, Nisku AB

P: 780.955.3300 * F: 780.955.7651 * T: 1.800.668.4299

- * First Aid
- * TDG
- * H2S Alive
- * Ground Disturbance
- * Confined Space Entry/Rescue

Keeping You Safe

