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## ALBERTA NDP, FEDERAL TORIERS DEMAND PIPELINES TO HELP 'CRIPPLED' ENERGY INDUSTRY

The Alberta NDP and the federal Conservatives might seem like strange bedfellows, but on the issue of the economy they are presenting a united front: build pipelines now to save the "crippled" oil industry.

The province's economy is facing a crisis as the price of oil flirts with levels below \$30 a barrel, potentially rendering large swathes of the oilsands economically unviable. But one thing that could bring the industry — and the government coffers it helps to pad — back from the brink is additional pipeline capacity, both parties said in interviews with CBC News.

"We know, and the whole country knows, that the significant drop in the global price of oil is posing challenges not only for this province, which are pretty, pretty big, I must say, but they're also for the country, unless we get behind something like market access," Alberta Finance Minister Joe Ceci said in an interview with Chris Hall on CBC Radio's The House.

Ceci said that the status quo — with virtually all pipeline projects stuck in limbo — is unacceptable and it will leave the Canadian economy stuck in neutral for many years to come.

The Alberta finance minister is now calling on the federal Liberal government to take immediate action to help get something built.

"I need them to voice and recognize that pipeline access is critical for not only Alberta but for the whole country. And if they can do anything with their significant majority, their significant weight [in Ottawa], their connection to premiers across the country, to underscore that, then we'll be better off as a country," Ceci said.

Natural Resources Minister Jim Carr said Friday that his government understands the urgency of getting new pipelines approved, but said the regulatory process at the National Energy Board first has to be modernized.

"I know people want us to make announcements three weeks ago.

We're certain that if we can take this little bit of time to consult and to assess precisely where we want to be down the road, we'll do a better job. We feel the urgency, nobody is lollygagging, but we want to get this right," Carr said in an interview with Rosemary Barton on CBC News Network's Power & Politics.

Carr also confirmed that existing pipeline projects will not have to "start from square 1" with the NEB, but will face a "transition process."

Interim Conservative Leader Rona Ambrose said she's deeply concerned about the state of the Alberta economy and the handling of the energy file by both the federal and provincial governments.

"I think we're in a very different situation today in Alberta. I've seen ups and downs in the oilpatch before. This is very different," she said.

Ambrose added that she finds it "unusual" that the Alberta NDP has now become a vocal proponent of pipeline development, after some of the party's remarks in the past.

"The Notley government themselves, and to a certain extent the Trudeau government, did come into power with a very anti-fossil fuel message," Ambrose said in a separate interview with Hall.

The Edmonton area MP also said billions of dollars in investment money has already left the province since the political regime changes, in part because of the prospect of additional regulations and a new carbon tax.

"Justin Trudeau supported certain pipelines on certain days under certain circumstances, and that's not a very strong message to an industry that right now is crippled," she said.

The former Harper government, of which Ambrose was a senior cabinet minister, made building energy infrastructure a top priority but ultimately failed to get any new pipelines started.

"My hope is that politics will not prevent some of the good scientific and evidence-based work that's being done by groups like the National Energy Board ... and that we do eventually see these projects move forward," she said.



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Ceci also told The House that budgetary considerations he made only a few months ago, in October 2015, likely need a complete revision given the dramatic decline in oil prices. That budget forecast oil to be \$61 a barrel in 2016, roughly twice of where the price finished trading on Friday.

In his last budget, Ceci forecast that a decline of just \$1 in the price of oil would lead to a \$170-million shortfall. Based on those numbers, Alberta would add more than \$5.4 billion to the record \$6.1 billion deficit already anticipated for the 2015-16 budget year.

"You know there's no doubt that there are new budget pressures that I'm experiencing, that we're experiencing in this province, because of the drop in global price of oil," Ceci conceded. "We're going to take a really good look at that as we go forward, but our plan is still to balance in 2019-2020."

### GREATER MONTREAL MAYORS COME OUT AGAINST TRANSCANADA'S ENERGY EAST PIPELINE

Mayors from the greater Montreal area have come out against TransCanada's proposed Energy East pipeline.

The Montreal Metropolitan Community, which represents 82 jurisdictions, said it is opposed to the project.

Montreal Mayor Denis Coderre, the current president, told a news conference Thursday the organization has determined the environmental risks far outweigh any economic benefits for the region.

The proposed pipeline would take Alberta crude as far east as an Irving Oil refinery in Saint John, N.B.

The project would include existing TransCanada pipeline as far east as Montreal, plus new pipeline to

be constructed through Quebec. Coderre said the pipeline is worth about \$2 million a year in economic benefits to the Montreal area, while a major oil spill cleanup could cost between \$1 billion and \$10 billion.

Environmental consultations were held across the territory last September and October and Coderre said the majority of the 140 groups that submitted briefs were opposed to the project.

Political promises squeeze Canadian oil industry

The oil industry had eight years of an energy friendly government in Canada and couldn't get a single new export pipeline built.

Now, with newly elected Prime Minister Justin Trudeau keeping his campaign promise of banning tanker traffic off parts of Canada's west coast, it put the already reeling industry further on its heels and could eventually force more production shut-ins and cuts in investment due to a lack of access to global crude markets.

The previous government, led by Prime Minister Stephen Harper, and industry put its eggs in the Keystone XL basket and in the end got sideswiped by the US government not approving Keystone XL while giving the nod to US crude exports. Apparently US shale development is less an environmental concern than Canadian oil sands.

Now the industry is pushing several new Canadian export pipelines, but has a new government to deal with that is seemingly tone-deaf to Canada's oil industry challenges.

In mid-November, when Trudeau said an oil tanker ban would be implemented on the North Coast of British Columbia, it posed a major impediment to Enbridge's proposed Northern Gateway pipeline. While the line already received regulatory approval from the National Energy

Board, if a crude tanker ban is in place there would be no point in bringing crude oil to the coast, and no need for the pipeline. There are no solid plans for a refinery in the area.

The dual pipeline is aimed at exporting 525,000 b/d of Western Canadian crude from Alberta to a deep water port at Kitimat, British Columbia, and was targeted for start in late 2017/early 2018. The pipeline will also import 193,000 b/d of condensate to flow in a reverse direction from the coast to Alberta's oil sands producers. The ban was an election promise the Liberal Party made before elections last fall to save ecologically-sensitive areas, Canada's Natural Resources Minister James Carr told reporters in Calgary in late November.

Work is already underway to develop a strategy to implement the ban, a Transport Canada spokesperson Natasha Gauthier said without indicating a timeline or the road map ahead.

She did not respond to pointed queries whether the ban would include condensate and LPG tankers and the LNG carriers that are expected to set sail from the ports of Kitimat and Prince Rupert from 2020 onward to navigate along the northern coast on their way to Asian markets.

If those products were included in the tanker ban, billions of dollars in projects would be at risk.

There is now talk of extending the ban farther south along the province's coast and the transport minister has been asked to look into it, Carr said in November without elaborating.

A southern extension of the moratorium along the British Columbian coast would impact another major export pipeline project: the 890,000 b/d Kinder Morgan-backed Trans Mountain Expansion, for which an NEB ruling is due by May 20, 2016.

The expansion — which is already

facing a two-year delay with a planned start-up now in fall 2019 — would allow an additional 29 Aframax crude tankers to load at Westridge in British Columbia and use existing shipping lanes from Port Metro Vancouver in the south coast to the Pacific Ocean, Kinder Morgan legal counsel Shawn Denstedt said recently at an NEB hearing in Calgary.

"It is pretty early to speculate what will happen [with the tanker ban]," Enbridge CEO Al Monaco said last month on a webcast. "We have heard the Prime Minister and federal Natural Resources Minister and we have also been told securing new markets is also an issue they will support."

It will be difficult to secure new markets without new pipelines.

Another set of hurdles will soon emerge for Alberta's oil producers with the federal government due to start a review of its regulatory process for approving crude oil pipelines, seek greater involvement of Aboriginal peoples and aim to reduce carbon emissions.

"A review of the approval process is in line with another election promise we made and will now be getting into a transition process with the NEB to take a close look at the existing procedures," Carr said in late November.

"We are in the business of transparency, rather than guaranteeing approvals for pipelines. Our focus will be on a more robust oversight of the regulatory process and a thorough assessment and there will be a transition phase," Carr said then.

If those changes were not enough for an industry on the ropes, the government is to soon unveil changes to its existing royalty structure.

Just as US politics doomed the Keystone XL pipeline, Canadian politics threatens more than that as election promises become reality.

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