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Published By: NEWS COMMUNICATIONS since 1977 **Saturday April 16th 2016**

LEGENDARY TEXAS OIL TYCOON T. BOONE PICKENS IS SUING ONTARIO FOR $700 MILLION OVER WIND POWER

T. Boone Pickens made billions drilling for oil and gas and squaring off in bare-knuckled corporate takeover bouts.Now the 87-year-old tycoon is embroiled in what may be the last big battle of his career. Only this one is aimed thousands of miles north of his Texas home. And it is over wind power.It is an unusual fight for the former wildcatter. Pickens is using his rights under the North American Free Trade Agreement to bring claims against the Canadian province of Ontario. And a Florida company that has provoked his ire is one that is usually on the same side as Pickens when it comes to regulation and politics — in particular, in helping Jeb Bush get elected president.Like other investors who have challenged governments, Pickens has taken his dispute to an international court. He is seeking $700 million in damages for future losses related to bids that his wind power company, Mesa Power, lost in wind power auctions in Ontario.Pickens and Mesa Power contend that the Florida company, NextEra, was granted exclusive access through private meetings with important government officials that ultimately tilted the bidding in its favor.The province of Ontario granted NextEra $3.8 billion in energy contracts. Mesa Power contends that $18,600 in donations that NextEra made to the ruling Liberal Party in Ontario before elections in 2011 had undue influence on the auction.NextEra did not respond to a request for comment.Mesa Power's notice of arbitration also includes allegations of favoritism toward two Korean companies, Samsung C&T and Korea Electric Power Corp., that entered a separate energy deal with the government. Pickens says his long-running dispute is a matter of principle."It makes no difference whether the amount is $7 billion or $700 million," he said. "It's about fighting for fair and equitable treatment."But Mesa Power's loss in Ontario was also personal — the projects would have been the cornerstone of a wind energy business that he extolled back home in the United States and that ultimately failed.In other circumstances, NextEra, a sprawling energy company based in Juno Beach, Florida, has been aligned with Pickens. Both NextEra and Pickens have close ties to the Bush family and have been generous donors to Bush's current campaign for president. And both Pickens and NextEra have at times advocated the same regulatory policy changes. Pickens first pushed into wind power in 2007, creating Mesa Power to develop and finance wind and other renewable energy projects.

When Ontario enacted a Green Energy Act in 2009, both Mesa Power and NextEra saw an opportunity. As part of its policy change, the government created a program to provide incentives for companies to invest in renewable energy projects. Companies that were awarded contracts would be paid premium guaranteed prices set by the government. In one auction, more than 500 applications were submitted, exceeding the government's expectations, according to statements filed with the court."It was a very, very attractive price," said Cole Robertson, vice president of finance for Mesa Power, noting that the government's set price in 2011 was double that in Texas at time.Mesa Power submitted several project proposals through the program. But when the first rankings came out in late 2010, its executives disputed the assessments, arguing that Mesa Power's projects should have been higher.Ontario government officials have countered that Mesa Power did not submit its applications properly."In my view, many of Mesa Power's failures were caused by its sloppiness and lack of care in preparing its application, and the consequent failure to satisfy clearly defined criteria," said Richard Duffy, a manager of procurement at the Ontario Power Authority, the agency charged with evaluating energy project proposals, in a witness statement.Mesa Power later disputed an auction in the spring of 2011, complaining of a lack of transparency around the process of awarding contracts and insufficient time for public consultation. Mesa Power executives wrote to Shawn Cronkwright, an official with the power authority, seeking clarification and meetings with the agency and the Ministry of Energy. Cronkwright told Mesa Power executives that these meetings would not be possible because the agency had yet to award contracts, according to court documents.The same month that the government rejected his projects in 2011, Pickens took his case to an international tribunal, a forum where the judges are appointed by both parties in the case and a judgment can't be appealed.Ontario says the claims are without merit. The international tribunal is expected to rule as soon as this month.

Pickens' lawyers argue that NextEra was able to wield influence because of its chief lobbyist, Bob Lopinski at Counsel Public Affairs. A former adviser to the Ontario premier, Dalton McGuinty, Lopinski was hired in 2010. He contacted former colleagues in the premier's office to set up meetings for senior NextEra executives including Mitch Davidson, the chief executive. He also arranged for meetings at the Ministry of Energy and the power authority."Throughout this arbitration process the government of Canada has been working closely with the government of Ontario to vigorously defend this case," said John Babcock, a spokesman for the Canadian government.For NextEra, whose operations include electricity plants in Hawaii and wind farms in North Dakota — such political contributions are not unusual. In the United States, the company has spent millions of dollars in political donations to both the Republican and Democratic parties.

"You can't win an election in Florida without the support of NextEra," said William Pentland, managing partner at Brookside Strategies, an energy consulting firm. NextEra's subsidiary, Florida Power and Light, came under criticism in 2009 when former Gov. Jeb Bush argued for rate increases for the company in an opinion piece in The Tallahassee Democrat.Invoking rolling blackouts in Brazil at the time as a warning sign, he wrote, "It might surprise a lot of Floridians to know that our state may face a similar fate." He added, "With power, the cash registers open and close."Pickens, too, has taken his share of public criticism for his business ventures. In the 1980s he waged

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relentless campaigns against some of the biggest oil companies like Unocal and Gulf Oil, being called a "corporate raider" and once a "soul-sucking ghoul."

"It's just part of the business. I never cried," Pickens said in the interview.With that same attitude, he abandoned his wind energy projects when the price of natural gas fell, changing his prospects for making a profit with wind energy."I've drilled dry holes before and I didn't quit drilling wells," Pickens said. "Wind? Sure, if the economics get right, I'll get back in."For now, though, he's back to oil and natural gas. Speaking to an audience of hedge fund managers in Las Vegas earlier this year, Pickens declared that he was about to "give up on Washington," because of its failure to approve the construction of the Keystone XL oil pipeline, a contentious cross-border project with Canada that would extract oil from the Canadian oil sands.

He's setting his sights on Bush to make it possible. But he is keeping his options open, most recently donating $25,000 to Carly Fiorina. Pickens is also considering a donation to another Republican candidate, Ben Carson, according to a representative."You've already passed the House and the Senate," Pickens said back in May. "So a new president would fix it."

CANADIAN DOLLAR TOPS 77 CENTS US AS OIL GOES ABOVE $40 US

Loonie closes at 77.53 cents US as hopes rise for oil deal this weekend

The Canadian dollar closed with a gain of more than six-tenths of a cent on Monday as the price of crude oil jumped back above $40 US per barrel for the first time in three weeks.A barrel of West Texas Intermediate gained 64 cents to close at $40.36 US a barrel on Monday as OPEC and non-OPEC members are set to meet for four days to discuss oil output in Doha next weekend."It now seems that among the oil producing countries, a sense of calm and price visibility is preferable to the chaotic downward spiral of a price war," Credit Suisse's chief investment officer Michael Sullivan said in a note yesterday.

The hope of a deal drove oil prices higher on Monday, which in turn was good news for the Canadian dollar for a second straight trading day. The loonie gained 0.62 of a cent, finishing the day at 77.53 cents US. The Canadian dollar hasn't closed that high since it finished at 77.84 cents US back on Oct. 15, 2015.After being pushed down as low as 68 cents US in January, sentiment has turned around for the Canadian dollar of late.

"While the U.S. dollar has weakened against all these currencies since 20th January, it has depreciated the most against the dollars of Canada and Australia, which are large net exporters of commodities," John Higgins of Capital Economics said. So much so, in fact, that speculators appear to be pouring in. Data from the Commodity Futures Trading Commission shows net long positions stood at 97 contracts in the week ended April 5. That means more investors are betting on the Canadian dollar than are betting against it.

The previous week, there was a net short of 6,180 contracts. In January, the figure was as high as 66,819 shorts.The optimism in oil and the loonie spilled into the stock market, where the S&P/TSX composite index gained 26.03 points to 13,422.76.In New York, markets turned lower with the Dow Jones industrial average losing 20.55 points to 17,556.41, while the S&P 500 dipped 5.61 points to 2,041.99 and the Nasdaq composite retreated 17.29 points to 4,833.40.

NOVA SCOTIA POWER BIOMASS PLANT WILL NO LONGER RUN 24/7

Ecology Action Centre calls the rule change 'a great first step' to eliminating biomass

Nova Scotia Power no longer must run its Cape Breton biomass plant around the clock to produce electricity — which may mean savings for customers. In documents filed Friday with the Nova Scotia Utility and Review Board, the power company estimated it could save $9 million in 2017 by running its Point Tupper facility on an as-needed basis.

Burning wood chips, bark and sawdust to produce electricity costs more than using coal, oil or natural gas, but a provincial law designated the biomass plant a "must run" facility. That meant the utility had to run the plant 24/7. On Friday, the province ended renewable electricity regulations, eliminating the "must run" designation. Nova Scotia Power spokeswoman Sasha Irving couldn't say what impact the change could have on coming rate hikes. The utility has presented to the provincial regulator a 1.3 per cent average increase per year from 2017 to 2019, she said. "This would provide a small decrease on that," Irving said. "Exactly what the decrease is, we need to go through the process to look at. "Burning biomass helped the province meet its greenhouse gas reduction targets, but was highly controversial. Groups, such as the Ecology Action Centre, rejected the claim biomass burning produced green energy. "There's nothing environmentally friendly about burning trees to create electricity," said the centre's wilderness coordinator, Ray Plourde. "It's horribly inefficient and it probably causes as much greenhouse gases as coal. Today the government has made a great first step in addressing the issue of the use of forest biomass for terribly inefficient electricity generation. "Nova Scotia Energy Minister Michel Samson said the government acted only on what Nova Scotians said during public consultations.

"We heard as part of our electricity review that Nova Scotians wanted to see electricity rates stable and predictable," Samson said. "They expressed concern about the use of primary forest products for biomass and electric generation. "Samson said the government has heard those concerns and has been working to address rate stability. "This is another important step in that process," he said. Port Hawkesbury Paper in Point Tupper, N.S., relies on the biomass plant to burn waste wood. Marc Dube, development manager for plant operator Stern Partners, said the plant would continue to do that and the change will have no effect on company operations.

RACHEL NOTLEY TAKES PIPELINE GO-AHEAD PLEA TO EASTERN CANADA

Premier pushing for a pipeline to Atlantic and Pacific coasts Alberta Premier Rachel Notley urged an eastern Canadian audience to stand with Alberta and get a national pipeline built for the good of the entire country. "Let's work together. Let's get to 'yes' on a pipeline," Notley said in an address to the United Steelworkers' national policy conference in Montreal Friday. "It's critical to the future of our country and to the well-being of every Albertan and every Canadian. "Next week's Alberta budget is expected to have a deficit in excess of $10 billion. Low oil prices have kneecapped the Alberta economy. Royalties from oil and gas projects are expected to decrease by 90 per cent next year. Notley has openly supported the proposed Energy East pipeline, which could take crude to refineries in Saint John, N. B., and the expansion of the Kinder Morgan Trans Mountain pipeline to the west coast. Notley says shipping Alberta crude to the Atlantic and Pacific coasts would allow the product to get higher prices on world markets, which would benefit the rest of Canada. However, the projects have run into opposition from Quebec and B.C. due to environmental concerns. Notley told the Montreal audience that her government's new climate change policy should erase any doubts. "Fights over Alberta's environmental record are no longer valid," she said. "We have the best environmental and climate change policies of any energy-producing jurisdiction in the world. "That's why I have said time again, we need to recognize that Alberta has changed and it's time to put the divisive battles of the past in the past."

Notley's Montreal speech comes one day after she used a televised address to Albertans to urge Canadians to support a national pipeline On Saturday, the premier will also deliver a speech to the national NDP convention now underway in Edmonton. The Alberta government is fighting back against a push to move Canada away from fossil fuels and keep oil in the ground. Mulcair raised eyebrows earlier this week when he pledged to support that policy if he remained NDP leader and the party tells him to do that. He faces a leadership review Sunday.

PORT OF PRINCE RUPERT ORDERS PROTESTERS TO END LELU ISLAND CAMP

Lelu Island is slated for a proposed liquified natural gas plant

The Prince Rupert Port Authority has ordered protesters to stop construction of a camp on Lelu Island, the site of a proposed LNG export terminal on B.C.'s North Coast.

The port says it consulted with the leadership of local Coast Tsimshian communities before it issued the notice to campers on Monday. The proposed Pacific NorthWest LNG plant to be built by Petronas at Lelu Island could be the largest private-sector investment in B.C.'s history, valued at $36 billion and estimated to create 4,500 construction jobs. While the project has been approved by some of First Nations in the area, some members of the Lax Kw'alaams First Nation have been protesting the project for the past eight months by constructing an encampment. Lelu Island is at the mouth of the Skeena River, B.C.'s second largest salmon-bearing river, which is causing potential environmental concerns for members of the First Nation. The port says it has the authority to order the removal of the camp. The President of the Port of Prince Rupert Don Krusel said, "We respect the right of any individual or group to express their opinions concerning port development if it is done in a safe and peaceful manner. However, raising makeshift structures does not meet that definition and has not been authorized." The federal government has yet to make a decision on whether to allow the proposed LNG project to proceed.

TWIN PEAKS?

Whilst 2016 has so far seen much discussion surrounding the oil price, oversupply and the almost daily mini-rallies that appear as fickle as my two-year old's breakfast selection, not a great deal of attention has been paid to the gas outlook. From 2016 production levels, Douglas-Westwood currently forecast a 16.2% increase in global gas production to 2020 compared with just a 3.3% increase for oil during the same period. Is this simply a case of stronger demand or is there more to it? As a geographic spread we see 95% more countries increasing YoY gas production during 2017 as those reducing, this compares to just 44% for oil. The production spread (difference between the largest increase and the largest decrease) between the 59 - 61 countries covered within the DW D&P report shows a spread of 703 000 boe/d for oil and 826 000 boe/d for gas during 2017 decreasing to 383 000 boe/d for oil and 443 000 boe/d for gas in 2020. So not only will gas see a more rapid relative production increase but it will also experience a slower decrease in YoY production post-2017. However, DW expects to see YoY gas production continuing to increase to the end of our current forecast period in 2022, whereas oil is expected to start showing negative production growth from 2021. The oil supply glut will return in 2017 thanks in large part to the ramping up of Iranian production and already committed Canadian oil sands projects coming online, offsetting large drops from the likes of the USA –207 000 boe/d and Nigeria –121 000 boe/d. The South Pars field in the Arabian Gulf along with new shallow water gas projects in Australia supported by the demand for LNG/CBM feedstocks are significant, although demand-based, contributors to the gas outlook. With the recent lifting of sanctions on Iran and the growth of South Pars there will almost certainly be opportunities for well-placed and well-informed Western OFS providers. So 2017 really is the wildcard year, or perhaps more appropriately, the production Twin Peaks. The question is surely not if, but how high.

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