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CANADIAN OIL PIPELINES ARE COMING BACK ONLINE AFTER WILDFIRE

Enbridge Inc said on Thursday it was steadily resuming service on its pipeline network through Canada's energy heartland about a week after a massive wildfire spread through the Fort McMurray, Alberta, area, forcing a shutdown. Canada's largest pipeline company also reported a higher-than-expected quarterly profit, as crude shipments increased. The Calgary-based company said the shutdown, which included all pipelines in and out of its Cheecham terminal some 50 km (31 miles) south of the fire-ravaged city, affected some 900,000 barrels per day of volume on its system. Chief Executive Officer Al Monaco said operations had resumed at Cheecham and that the Woodland pipeline was ready to restart. The company was waiting to get access to conduct a fly-over inspection as fire crews were still working in the area. He added that the roughly 100-km (62.14 mile) portion of the Athabasca line from Cheecham to the Kirby Lake terminal was expected to resume operations over the weekend. Line 18, which travels south from Cheecham to Edmonton, resumed on Wednesday. "So (we're making) good progress on getting our systems back in operations, but the process isn't like turning on a tap," Monaco said on a conference call. "You've got to expect some period of ramp-up to full capacity." Enbridge shares were up 1.74 percent at C$51.60 in Toronto. Monaco also said Enbridge is focused on securing support for its Northern Gateway project as currently designed, though he did not entirely discount changing the terminus location. The proposed pipeline, from Alberta to Kitimat, British Columbia, is opposed by many coastal aboriginal groups. On renewable energy, an investment decision on the first of three newly acquired offshore wind projects in France is expected in early 2017, Monaco said. If all three go ahead, Enbridge expects to invest some C$4.5 billion ($3.5 billion) through 2022 for its 50 percent share. Électricité de France S.A. owns the other 50 percent. Enbridge delivered about 2.5 million barrels per day of crude through its Canadian mainline system during the quarter, up from 2.2 million a year earlier.

For the first quarter, net earnings attributable to shareholders were C$1.21 billion, or C$1.38 per share, compared with a loss of C$383 million, or 46 Canadian cents, a year earlier. Excluding items, the company earned 76 Canadian cents per share, beating analysts' estimate of 64 Canadian cents, according to Thomson Reuters I/B/E/S.

CANADIAN OIL PRODUCERS WARN OF SUPPLY SHORTFALLS AFTER WILDFIRE

CNOOC Ltd's Nexen is the latest Canadian oil sands company to warn customers it may not be able to fulfill supply contracts in the wake of a massive wildfire, as producers scramble to get facilities back online. Nexen has issued a force majeure for all of its May production of Canadian heavy crude, two sources said on Thursday. Four major oil firms have now declared force majeure, a contract clause to remove liability for unavoidable catastrophes. The fire that blazed through oil sands hub Fort McMurray, forcing the evacuation of about 90,000 people last week, has moved into sparsely populated woodlands further east. It spans 241,000 hectares (596,000 acres), growing much more slowly than before, but still posing a threat. Cool temperatures are helping contain it, but hot, dry weather is expected starting Saturday, said Chad Morrison, Alberta's senior wildlife manager. "We're long from over in this fight," he said on a conference call with other officials. Nexen's Long Lake facility, located south of the community known as Fort Mac, sustained minor damage from the fire, Alberta officials said this week. Three major oil firms warned last week they will not be able to deliver on some contracts for Canadian crude. BP Plc and Phillips 66 alerted customers some grades of Canadian crude would not be available, while Suncor Energy, Canada's largest producer, warned clients that some supplies from the region would be disrupted by the fires. While downtime has crimped supplies, Enbridge Inc said late Wednesday it had restarted its 550,000 bpd Line 18 pipeline, and Royal Dutch Shell Plc has also partly resumed operations in the area. Roughly 1 million barrels per day (bpd) of output were shut down during the fire, about half the oil sands' usual daily production. Alberta holds the world's third-largest crude reserves and is the No. 1 exporter of crude to the United States. No oil sands sites are under immediate threat from the fire, which is burning about 15 kilometers (9.3 miles) from the neighboring province of Saskatchewan, Morrison said. U.S. oil prices dipped on Thursday after jumping to six-month highs, when buying on a forecast for tighter global supplies gave way to selling. Travel to Fort McMurray is restricted to essential services, including workers, supplies and equipment for oil sands operations. Suncor workers are expected to begin returning to shuttered facilities on Thursday. Hundreds of people lined up around the evacuee center in Lac La Biche, Alberta, on Thursday to collect provincial government debit cards loaded with C$1,250 per adult and C$500 per dependent. "I just think for government, this could have been organized better," said Wanda Anderson of Fort McMurray, about the debit card distribution, standing in line wrapped in a purple blanket as morning temperatures hovered just above freezing. Even so, Anderson, who is staying in a trailer park with her family, said they have been well cared for with meals, and her kids are enrolled in local schools. Alberta Municipal Affairs Minister Danielle Larivee said the idea behind the debit cards was to give residents immediate access to cash. The Canadian Red Cross is also distributing C$50 million ($38.93 million) in donated funds, or C$600 for each adult and C$300 for each child. Evacuees who had been sleeping on cots in a hockey rink in Lac La Biche were moved late Wednesday to longer-term housing in the towns of Bonnyville and St. Paul, Alberta, about 120 to 130 km (72 to 78 miles) to the southeast. A plan to allow residents to return, either permanently or to view their homes, is about 10 days away, Larivee said. In the meantime, government officials said there is much work to do to restore the community's only hospital, after it was damaged by smoke and water, as well as natural gas, water and other infrastructure. While the community rebuilds, providers of temporary housing, such Civeo Corp and Target Logistics , have seen demand spike. In another sign of life returning to normal in the oil sands, Syncrude Canada Ltd reported its herd of 300 bison, which grazes on a reclaimed area of the oil sands mine site, was doing well after being left behind during the evacuation. ($1 = 1.2842 Canadian dollars)

B.C. LNG: FIRST NATIONS APPEAL TO UN TO HELP STOP PETRONAS PROJECT

Scientists have raised concerns about the project slated for Lelu Island

First Nations leaders from northwestern British Columbia have taken their battle against a Petronas-backed LNG project to the United Nations. The group was scheduled to travel to New York Thursday to seek UN support for a demand that the Canadian government reject the LNG project proposed just south of Prince Rupert. Opponents say the $36-billion Pacific Northwest plant, slated for Lelu Island at the mouth of the Skeena River, threatens wild salmon habitat on the second largest salmon bearing river in B.C.

Hereditary Chief of the Wet'suwet'en First Nation, John Ridsdale, says Prime Minister Justin Trudeau earned cheers at a recent UN forum by pledging to protect the rights of indigenous people. But Ridsdale says the LNG development, backed by Malaysia's state oil company, Petronas, endangers that pledge and is "the wrong project in the wrong place at the wrong time." Environment Minister Catherine McKenna has said a cabinet decision on an environmental assessment covering the Pacific Northwest plant should be made by late June. The B.C. government believes the project could generate more than 18,000 jobs and produce billions in revenue. "We will not sell our salmon future for any price," Murray Smith, one of the House Leaders of the Gitwilgyoots Tribe, said in a news release. The Gitwilgyoots Tribe is one of the Nine Allied Tribes of Lax Kw'alaams opposed to the LNG plant. "We stand against this project for all the peoples of this world. We don't want money, we want justice. We invite you to join our battle, to add your voices to our struggle to protect the only home we have ever had," he said in the release.

Fellow Gitwilgyoots member Christine Smith-Martin says the group is respectfully asking the federal government to do the right thing, and wants to the world to bear witness to its concerns.

U.S. REFINERS SEEK ALTERNATIVES TO CRUDE FROM CANADA OIL SANDS

U.S. Midwest refiners are rushing to secure alternatives for crude supply as they worry about prolonged outages after a raging wildfire in Canada shut nearly half of production capacity from the vast oil sands. Even with some 1 million barrels per day in Canadian production capacity still offline due to the massive wildfire, sufficient U.S. supply is no problem, traders said. They pointed to record crude stocks at the U.S. hub of Cushing, Oklahoma, swelling domestic supplies as well as growing imports from Latin America, West Africa and the Middle East. Still, they said, refiners with a large appetite for Canadian crude may have trouble getting alternative supplies fast enough. Those facilities may include BP PLC's Whiting, Indiana refinery and Phillips 66's Wood River, Illinois, refinery. For now, they will pull crude from their own storage tanks or get it from Cushing or the Gulf, reversing trade flows that have prevailed during the U.S. shale boom, traders and analysts said. But some refiners without accessible crude supply and with tighter margins may have to cut refinery runs, analysts said. This could exacerbate the swollen U.S. crude glut and add more pressure to oil prices. While U.S. refinery margins saw a big spike on Wednesday, they are below their five-year average for this time of year, Reuters Eikon data showed. And refiners in the eastern part of the U.S. Midwest, still reeling from the unplanned Keystone pipeline outage last month, will be left without Canadian supply, said Dominic Haywood, an analyst at Energy Aspects in London. "They will likely rely on inventory in the first instance, but for some plants this will not be sufficient to sustain runs if inflows from Canada remain subdued," he said, adding that the long transit time from other market hubs and softer margins could mean "unavoidable" run cuts. The rush to supply crude to the Midwest was apparent this week on news that volumes will more than double in May on the largest U.S. pipeline, the 1.2 million bpd day Capline running from the U.S. Gulf to the Midwest. Yet even that increase still represents only half its nameplate capacity. Traders noted that other pipelines providing crude to the Midwest, including Enbridge's Ozark and BP1 pipelines, still have additional capacity. Analysts predicted that the logistical lag time will result in some backlogs for refiners already starved from their typical Canadian diet for more than a week. This includes Husky's Lima refinery, which was wrapping up a major eight-week turnaround at the end of April as it tries to process more heavy crude feedstock.

U.S. imports of Canadian crude rose to 2.95 million barrels per day through last Friday. Production cuts due to the fire should put a big dent in that this week. Traders said other imports, though plentiful, will need time to move to the Midwest. U.S. imports of West African crude are expected to rise in May to the highest since October 2013. Iraqi imports should hit the most since at least the start of 2015, according to Eikon data. Latin American crude, which would be a natural replacement for Canadian oil due to quality, has also had some setbacks as several outages have forced countries including Brazil and Venezuela to reduce exports. U.S. imports of Latin American crude are expected to grow 3.3 percent in May from April. Despite the regional constraints, the futures and cash markets have largely shrugged off the fire. In the cash market, Light Louisiana Sweet and Mars Sour, the U.S. Gulf Coast light and sour benchmarks, respectively, moved little this week as a glut in the U.S. Gulf Coast grows, where some spots show delays of up to two weeks in offloading crude.

ALBERTA WILDFIRES REDUCE NATURAL GAS DEMAND AND PRICES IN CANADA

The wildfires in Alberta near its oil sands operations have led to low consumption of natural gas, which is used in oil sands mining operations, and all-time lows in Canadian natural gas prices. The Alberta fires began Sunday, May 1, southwest of Fort McMurray, a major center of oil sands activity, and led to the evacuation of the city, but destruction was less widespread than originally feared. Officials estimate 85% - 90% of homes and buildings remain intact. By some industry analyst estimates, oil production fell by about 1 million barrels per day. Trade press reports indicate natural gas consumption has declined in the past week as a result. In addition to its use in mining and upgrading operations, natural gas is also used by many oil sands producers to operate cogeneration facilities. Declines in crude oil production are largely the result of the evacuation of oil workers, rather than direct damage to oil fields. Media reports estimated consumption of natural gas in Alberta fell by close to 25%. While Canadian spot prices rose in the early days of the fires last week, these declines in consumption pushed prices to record lows. On the AECO trading point, a major hub for spot natural gas markets in Canada and represents all deliveries along TransCanada's Alberta pipeline system, prices dropped to $0.55 per million British thermal units (MMBtu) on Monday, their lowest price in the 14-year available history. By Wednesday, prices had recovered to $1.12 as some producers restarted operations. Prices at AECO had been relatively low before the fires, due at least in part to high storage levels in the United States and Canada. According to some industry analyst estimates, Alberta storage is nearing capacity and could be full within the next few months. While the wildfires continue to burn, they have moved away from Fort McMurray, and some oil producers in the area have restarted operations. Shell Canada reported on Tuesday that it had restarted operations after a seven-day closure caused by the fires. Alberta's government is monitoring the fires and reporting on its website.

The AECO Hub is a trademarked name describing Niska Gas Storage's Countess and Suffield storage facilities, in southern Alberta. As a pricing point, AECO generally refers to all deliveries on TransCanada's Alberta pipeline system.

KAYACTIVISTS AND PROTESTERS BESEIGE VANCOUVER'S KINDER MORGAN OIL TERMINAL

They came from all over North America and their chants echoed over the waters on Saturday as they gathered around a major oil tanker terminal near Vancouver B.C.

All of them had a message to the energy industry and the terminal's owner, Texas-based pipeline operator, Kinder Morgan, the continent's largest energy infrastructure company: the population wants energy companies to move away from oil and "keep it in the ground."

There were dozens on kayaks and hundreds more marching on foot, encroaching on the terminal's private property in a collective act of civil disobedience.

"The age of oil is over," shouted Grand Chief Serge Simon of the Kanesatake Mohawks, who travelled from the Montreal region to attend the demonstration. "With your help, if we all pull together, this thing is only going to be a sorry memory in our history."

The weekend protest was organized by multiple Canadian environmental groups and Indigenous leaders to coincide with global action to "break free" from fossil fuels in Germany, Nigeria, Brazil, New Zealand, and other countries.

For the Canadian protesters, their primary target was Kinder Morgan's proposed Trans Mountain pipeline expansion. The company said it respects the right of people to protest peacefully.

Canada's National Energy Board has spent months reviewing Kinder Morgan's 23,000-page project application and will submit its recommendations to the federal government by this Friday. Prime Minister Justin Trudeau's cabinet is expected to make a final decision by the end of the year.

If approved, the expansion project would add 980 kilometres of new pipeline to a system, nearly tripling its capacity from 300,000 barrels of crude oil per day up to

890,000 barrels per day. This would open up access for crude oil and petroleum producers from Alberta to refineries and export terminals in Vancouver and Washington.

Originally announced as a $5.4-billion project, the project's estimated costs are now reported to exceed $6.8-billion. The Trans Mountain expansion is also expected to generate at least 4,500 construction jobs at peak employment, and $23.7 billion in additional taxes and royalties for provincial and federal governments.

Environmentalists and climate change scientists have said that the benefits are not worth the risks for Kinder Morgan's proposal and other pipeline expansion projects. These critics say that Canada is not on track to meet its existing greenhouse gas reduction targets and that the government should focus on blocking all expansion of the oil sands industry, the country's fastest growing source of carbon pollution.

"Our scientists are telling us very clearly that we need to dramatically reduce our greenhouse gas emissions and these pipelines send us in the exact opposite direction," said Mike Hudema, Greenpeace energy and climate campaigner.

"Here today, we're seeing hundreds of people willing to risk arrest to send that message to the prime minister, and if he goes against his own commitments and pushes this pipeline through you're going to see a much stronger opposition rise up to meet him."

The Trans Mountain expansion has been hotly-debated since its inception and is the current subject of a federal lawsuit from the Tsleil-Waututh Nation. If constructed, the pipeline would increase tanker traffic in the coastal Burrard Inlet nearly seven-fold, threaten endangered Southern Resident killer whales, plough through unceded Indigenous territory, and expose people and wildlife to the potential impacts of a major oil spill in the Fraser River or Salish Sea.

It would also involve 987 kilometres of brand new pipeline, 12 new pump stations and 20 new tanks that would break ground through six or seven municipalities in Vancouver's Lower Mainland, disrupt city operations and generate extra infrastructure and utility costs.

"I'm here to make sure my sacred obligation to protect my territory from harm and damage is present and accounted for," said protester Khelsilem of the Squamish First Nation, carrying his drum and paddle. He delivered a speech to protesters in his ancestral language before taking to the water to cross into Kinder Morgan's private property.

"What really pisses me off about this pipeline is that our global community is facing an existential crisis and these projects are a way of the past, but they're a last ditch attempt by very greedy groups to try and run roughshod over the rights of my people and other Indigenous people to get at what is essentially, wealth for themselves as opposed to taking care of all the people of our territory."

Only two police boats were present during the peaceful protest for the safety of its participants, but Kinder Morgan hired private security to monitor the action from the terminal.

"Trans Mountain understands and appreciates that there are a variety of opinions about our proposed expansion project and we respect the right to peacefully demonstrate and express those views," Kinder Morgan said in a statement. "There were no interruptions to safe operations as a result of today's demonstrators."

ONTARIO TO SPEND $5.4 BILLION TO CUT CARBON FOOTPRINT

The government of the Canadian province of Ontario plans to spend more than C$7 billion ($5.41 billion) over four years from 2017 in a bid to cut the province's carbon footprint. The province will begin to phase out natural gas for heating, provide incentives to retrofit buildings and give rebates to buyers of electric vehicles, according to a Climate Change Action Plan reviewed by the newspaper. The government plans to spend C$3.8 billion on grants, rebates and other subsidies to retrofit buildings, and move them off natural gas and on to geothermal, solar or other forms of electric heat, the Globe reported.

Another C$1.2 billion will go to help factories and other industrial businesses cut emissions, such as by buying more energy-efficient machines, the Globe said.

The plan requires gasoline sold in the province to contain less carbon, lays out building code rules requiring all new homes by 2030 to be heated with electricity or geothermal systems and sets a target for 12 percent of all new vehicle sales to be electric by 2025.

The office of Ontario's Ministry of Finance did not immediately respond to a Reuters request for comment.