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GROWING WILDFIRE FORCES EVACUATION OF FORT MCMURRAY OILSANDS CAMPS

After a challenging day for firefighters, wildfire growth expected to slow Monday evening Oilsands camps north of Fort McMurray have been ordered to evacuate once again over the threat from a resurgent wildfire, forcing about 8,000 workers to leave the facilities. A wildfire that destroyed whole sections of Fort McMurray earlier this month has forced workers to leave all camps up to Fort MacKay, around 54 kilometres north of Fort McMurray. The evacuation order was initially ordered for all camps up to Ruth Lake, around 26 kms north of the city. That evacuation order was expanded at 10 p.m. on Monday. A fire travelling at 30 to 40 metres per minute was heading north towards Tower Road, on the west edge of Fort McMurray, as of 2:30 p.m., according to a news release from the Regional Municipality of Wood Buffalo. It's expected to slow later Monday night, officials said. Officials initially said the evacuation affected 4,000 people, but that number was doubled to 8,000 Monday night to include several more work camps north of the city. Noralta spokeswoman Blaire McCalla said Monday the "controlled precautionary evacuation" was renewed for all camps along AOSTRA Road, including Noralta Lodge in Fort McMurray Village, the camp closest to the north edge of the city. Camps evacuated on Monday include: Syncrude Facilities South of Fort MacKay * Suncor Facilities South of Fort MacKay * Millennium * Borealis * Hudson *Ruth Lake

* Mildred Lake * West Ells * Baseline * MacKay River * Black Sands Lodge * Brion Energy – MacKay * Grizzly Oilsands – Thickwood * MacKay River Lodge on Aostra * Marathon Oil – Birchwood * Noralta * Poplar Creek – also called Birch * Southern Pacific – STP MacKay

Sunshine Oil Sands - West Ells. The evacuation order does not include Fort MacKay, Athabasca Camp and the Beaver River Camp. All other camps south of this area were to evacuate immediately.

Some camps may be missing from this list, according to an Alberta Emergency Alert. Workers essential to operations have been sent farther north to Grey Wolf Lodge, which remains a safe area. Fort McKay is not evacuating at this time. "This is a very fluid situation and we are taking our cues from emergency responders to ensure the ongoing safety of our guests and staff," McCalla said in a statement. Highway 63 northbound into Fort McMurray and north of city limits is closed and Highway 881 also remains closed. Highway 63 southbound remains open. The somewhat significant increase in the wildfire's growth was expected on Monday, Premier Rachel Notley said during an evening news conference. Notley said the fire is burning northwest of the Fort McMurray neighbourhood of Timberlea, but there is a five-kilometre burned-out area between the fire and the Timberlea community. Regardless,150 to 200 firefighters are in that community keeping an eye out for embers. About 300 people, mostly utility workers restoring services in the city assembled at MacDonald Island Park for safety. Another 300 people have taken shelter in the city's hospital. Notley said only camps that house workers for Syncrude and Suncor have been evacuated, and there is no immediate threat north of those facilities. She said officials remain confident workers can be evacuated from that area if necessary. "What we said would happen is happening," Notley said. "It should fade out and slow down in between about eight and nine tonight." Chad Morrison, senior wildfire manager for the province, said firefighters tried their best to keep the fire from crossing Tower Road. Strong winds on Monday resulted in what he called "extreme fire behaviour." Winds are expected to shift west Monday night, which would mean more favourable conditions on Tuesday, he said. "We knew this would be a difficult fire day," he said, adding it remains burning about 15 to 20 km south of major oilsands facilities. "The fire will actually begin to slow here as we reach past the dinner hour." Cody Andruchow is staying at Hudson Lodge, a Suncor camp around 30 km north of Fort McMurray. He said the sky was a "bright orange" at 2 p.m. then turned dark grey an hour later. At 4:30, they were given orders to evacuate. Shortly after that, RCMP and camp managers told them they were safe, but to be on standby. "We're very tense, scary situation," he said. "Everybody is concerned. But we're safe for right now. "It's not very smoky, but it's more hazy than anything. It looks much better than it did about three hours ago," he said early Monday evening. "But you know Alberta forest fires, looks can be deceiving. It can be worse than it actually looks." Hudson Lodge was evacuated later Monday night. Some workers evacuated Monday had arrived earlier in the day. Before the evacuation notice was issued Monday afternoon, many oilsands workers were lined up at the Edmonton International Airport preparing to return to work camps. The first charter plane left EIA on Monday for the Firebag work camp at 6:30 a.m. The last plane was scheduled for 8:30 p.m. Suncor worker Lucy Fitzgerald was supposed to fly back to work Monday morning, before she heard about the evacuation. "I had the call yesterday to tell me that I may not be getting into work today, because the smoke around Firebag, which is seven kilometres from our camp … apparently they had quite a bit of smoke there yesterday," Fitzgerald said. During a news conference Monday morning, Notley urged those not already in the Fort McMurray area to stay away, due to air quality so toxic it surpasses provincial measurements. Alberta uses a scale of one to 10 to measure air quality, with 10 considered to be the highest risk. Air quality in the Fort McMurray area on Monday morning was 38. "Alberta Health Services has recommended that members of the public who had been previously arranging to return to the area under various requests, that they not return until those conditions improve," Notley said. But Fitzgerald, who returned home to Sydney, N.S., after she was evacuated from Fort McMurray more than a week ago, said she can't wait much longer to return to work. "One thing after another, I know," she said. "It's a day-by-day thing right now, and that's all I can do. It's either that or go home and stay home, and I can't afford to do that right now." SGS Canada employee Russell Gavelin was also waiting at the airport. Gavelin also works out of the Suncor site, and said he was looking forward to returning to work, and a sense of normalcy, after a hectic couple of weeks. "We've got guys already on site taking care of our tasks. And it's working out so far so good, a couple hiccups here and there," he said. "It's nice to have a routine, it's nice to know that my job is still there, it's going to be great to see everybody I work with ... make sure they're all OK."

OIL DRILLERS BETTING THREE-MONTH CRUDE RALLY IS NEARING THE END

Oil producers are taking advantage of the rebound in crude markets to lock in protection against another slump. They increased their bets on falling prices to the highest level in 4 1/2 years as U.S. inventories of stored oil remained near an 87-year high, while a natural disaster in Canada and militant attacks in Africa curtailed output. Negative sentiment among the group expanded for a third consecutive week, the longest streak since February. Energy companies from EOG Resources Corp. to Chesapeake Energy Corp. used financial instruments such as futures, swaps and collars to guard against another fall in prices. West Texas Intermediate oil, the benchmark U.S. crude, has gained more than 75 percent since hitting a 12-year low in mid-February. "They've been getting more and more active in hedging ever since the first initial jump," said John Kilduff, a partner at Again Capital LLC in New York. Oil producers "appear to be drawn to this market as everyone tries to stay alive through the downturn," he said. Producers and merchants increased their short position in WTI by 3.8 percent for the week ended May 10 to the highest since September 2011, according to data from the Commodity Futures Trading Commission. In western Canada, raging forest fires closed in on Alberta's vast oil sands, prompting tens of thousands of residents to flee and interrupted shipments of the thinning agent used to help move the extra-heavy crude produced there through pipelines.

Fire's Impact Royal Dutch Shell Plc, Exxon Mobil Corp., Suncor Energy Inc. and other producers curtailed operations, imperiling more than 1 million barrels of daily output. The threat to oil-sands operations has since receded. In Nigeria, militant attacks on oil installations operated by foreign companies including Shell and ChevronCorp. prompted evacuations and the shutdown of some production in Africa's biggest oil-producing nation. Output tumbled to a 20-year low last month, compounding the negative economic impacts on a country already strained by slumping energy markets, according to data compiled by Bloomberg. U.S. output dipped to the lowest since September 2014, according to the Energy Information Administration. Inventories shrank in the week ended May 6 for the first time in more than a month, though stored supplies remained close to the highest since 1929. 'Bearish Indicator' "The failure to rally on bullish news was a bearish indicator, at least for a handful of sessions," said Tim Evans, an energy analyst at Citi Futures Perspective in New York. "The market still looks relatively overbought." WTI began the month fresh off a 36 percent gain in March and April, the biggest two-month advance since May and June of 2009, according to data compiled by Bloomberg. Futures advanced by 2.3 percent to $44.66 a barrel on the New York Mercantile Exchange during the CFTC report week and closed at $46.21 on May 13.

In other markets, money managers' net-long bets on Nymex gasoline fell 34 percent to 15,480 contracts as prices slipped 1.6 percent. Speculators reduced net-long positions on ultra low sulfur diesel the first time in five weeks as the fuel rose 0.3 percent.

Money managers' net-long wagers on WTI fell 8.6 percent to 216,521 futures and options combined in the report week, a second consecutive decline after three straight gains. "Some subset of managed accounts have been trying to pick a top in crude," Evans said. "We've been rallying for months so the question is, 'Are we in the middle or late stages of the rally?"

BRITISH COLUMBIA MAY REAP REWARDS FROM GAS

Federal report finds regional developments may help advance low-carbon economy.

Natural gas growth means the provincial economy in British Columbia outpaces the rest of Canada, through the market carries risk, a national report said. The NEB published its 2016 outlook for provincial and territorial energy trends, finding British Columbia is projected to gain the most from an emerging market for natural gas. Canada relies heavily on the North American market for exports. With Asian economic growth outpacing that of North America, the government is keen on tapping into new foreign markets for gas with port facilities like Kitimat in British Columbia. In January, the NEB gave its consent to LNG Canada Development Inc. for an export license with a maximum capacity of 52.7 trillion cubic feet of natural gas from Kitimat, one of the first licenses of its kind approved by the Canadian energy regulator. Last week, the provincial government signed off on the last of the permits needed for TransCanada's Coastal GasLink pipeline project, slated to connect to a proposed liquefied natural gas export facility on the western Canadian coast. The NEB finds British Columbia leads the nation in terms of expected natural growth and its economy is expected to grow faster than the Canadian average through 2040. That contrasts with economies like Alberta's, where the NEB finds oil production gains starting to slow down. Shelley Milutnovic, a chief economist at the NEB, said energy planning needs diversity to match the national landscape.

"Recognizing this diversity will be critical as we deal with current energy market uncertainties and begin to implement the policies and technologies that will transform Canada to a low-carbon future," Milutinovic said. The NEB study finds that British Columbia could face headwinds because of fluid prices for natural gas and the variety of issues emerging for LNG. Canada's energy plans have frustrated First Nations that are concerned the development of oil, gas and associated infrastructure may harm the ecosystems upon which they depend. A final decision on Kitimat LNG facilities is expected later this year.

FIRE CONCERNS SHIFT FROM FORT MCMURRAY TO OIL INDUSTRY INFRASTRUCTURE

Officials say the concern with northern Alberta wildfires has shifted from the city of Fort McMurray to the oil industry in the surrounding area. Late Monday night, about 8,000 people at work camps north of Fort McMurray were ordered out in a mandatory evacuation. The evacuation zone, stretching about 50 kilometres north of Fort McMurray to just south of Fort MacKay, included Syncrude and Suncor facilities, along with several smaller operations. "The urgency that we are looking at is with regards to the oil and gas infrastructure," said Scott Long of the Alberta Emergency Management Organization at a briefing earlier Monday evening.

"Everything within Fort McMurray itself, the community, all controlled, orderly. There is no panic there." John Archer, a spokesman for the Alberta government, stressed the move to get people out - many were headed to Edmonton - was being done in an orderly fashion. "By and large, I believe the fire has not encroached too much more upon Suncor or Syncrude, but the reason why the call was made (Monday night) is so they're not starting an evacuation at 2 a.m.," he explained.

"I don't think the threat is that much more acute now than it was earlier." Late Monday, Suncor issued a news release confirming it had "started a staged and orderly shutdown of our base plant operations" and that personnel were being transported to work camps further north. It stressed there has been no damage to Suncor infrastructure. "Suncor has enhanced fire mitigation and protection around all of its facilities," said the release. "When it is safe to do so, we will continue implementing our restart plans." High winds have spurred the quickly spreading wildfire as tinder-dry conditions persist in the region.

"Heavy smoke ... does make it unsafe to fly in some spots, but we are able to still work the flanks and hope to pinch it off," said Alberta wildfire manager Chad Morrison.

"When you have this kind of extreme fire behaviour it doesn't matter what tankers you put in front of it, it doesn't matter how many helicopters, Mother Nature is going to want to continue to move that fire forward." He said the forecast for today called for the winds to shift to the west - which is a good thing. "If we are able to hold it (Monday night) away from the facilities we should have a favourable day to continue to get at it tomorrow."

The entire population of Fort McMurray, more than 80,000 residents, are now entering their third week away from home. Many of the work camps were used to house evacuated residents who fled north when fire broke through into the city the afternoon of May 3.

Those residents were taken to points south, including Edmonton and Calgary, several days ago and workers were moved back in to begin ramping up oilsands production again. About 2,400 structures were destroyed in Fort McMurray, but essential infrastructure, including the hospital, water treatment plant and the airport, remain intact.

NEW NORTH SEA BECKONS OIL PRODUCERS OFF CANADA'S EASTERN COAST

A change to an obscure shipping law is helping draw major oil companies to an area off Canada's east coast that may rival the North Sea for its production potential.

Exxon Mobil Corp., Chevron Corp., Statoil ASA, BG Group Plc and BP Plc are among the companies that committed to spend C$1.2 billion ($934 million) in auctions last November by the province of Newfoundland and Labrador for seven parcels off the coast. Now the government is adding 13 new parcels in an auction set for this November, as the removal of a decades-old shipping restriction opened the area to more vessels seeking oil and natural gas. In the past, the sole domestic seismic ship used to locate potential oil deposits was operated by a Canadian company, Geophysical Services Inc., or GSI. That's because the nation's maritime law gave domestic businesses the ability to block the use of foreign-owned vessels. That barrier was removed in 2012, and since then a small squadron of ships has been collecting offshore data on more than 82,000 square kilometers (32,000 square miles) in partnership with the regional government. That data, available to companies in the next auction, more than doubles the area for exploration. Last year, five ships were collecting data off the province's coast. "What we are seeing here is similar to North Sea Norway in terms of its potential," said Ed Martin, the former chief executive officer of Nalcor Energy, the province's oil company, who spearheaded efforts to open new offshore areas and cited Norway as a model. The exploration blocks awarded last year may hold as much as 12 billion barrels of oil, several times bigger than the province's biggest field Hibernia, according to Nalcor. The 13 new parcels to be auctioned are in the Eastern Newfoundland and Jeanne d'Arc areas. The province is expected to offer as much as 2 percent more area annually thereafter. Norway, pumping about nine times more offshore crude than Newfoundland and Labrador, has drilled eight times as many exploratory wells off its coast, according to Nalcor data. Oil has helped make the Nordic country Europe's second richest per capita behind Luxembourg, according to World Bank data. That promise is spurring Canada's energy hopes even after prices cratered. Crude's drop from more than $100 a barrel in 2014 to below $30 earlier this year hit the provincial economy hard. Offshore royalties account for just 9 percent of revenue in the Newfoundland Labrador 2016-2017 budget, down from 37 percent two years ago. Crude Rout While results from the first auction show promise, the price of oil remains low at around $45 and drillers have trimmed their budgets.

"It's not an ideal macro situation for Newfoundland expansion," said Mark Oberstoetter, lead analyst for upstream research at Wood Mackenzie in Calgary. "We are seeing exploration spending activity cut around the world." BP and Chevron declined to comment on their interest in the area. Statoil, Exxon and BG's owner Royal Dutch Shell Plc didn't immediately respond to e-mails or phone calls seeking comment.

Similar to the U.S. Jones Act, that old shipping law, known as the Coasting Trade Act, was written to protect Canadian-flagged vessels from foreign competitors in domestic waters. Included in its remit were seismic vessels, even though only one was registered in Canada before 2011, according to PennEnergy Research, which tracks ships. That vessel belonged to GSI. Under the law, companies that wanted to use a foreign vessel for testing would have to apply for a license. Canadian-based firms could object, often blocking approval. That occurred six times between 2000 and 2006, with GSI the blocking company, according to Wes Foote, Newfoundland's assistant deputy minister for petroleum development.

In 2011, Nalcor partnered with Asker, Norway-based TGS Nopec Geophysical Co ASA and Oslo-based Petroleum Geo-Services ASA to invest in a multi-client 2D seismic survey of the province's waters. The plan was hindered by the Coasting Trade Act, spurring the government to change the law's wording on seismic vessels.

Not everyone is happy with the changes. Paul Einarsson, GSI's chairman, said amending the act wasn't fair because it targeted "our ship only."

More 2D seismic data was collected in 2014 than any year since the early 1980s, according to the Canada-Newfoundland and Labrador Offshore Petroleum Board.

Offshore Waters

Just 5 percent of Newfoundland and Labrador's offshore waters are currently licensed to companies. The province's total offshore area is bigger than Norway's section of the North Sea, according to Nalcor.

Energy producers now operate three platforms: Hibernia, Terra Nova and White Rose. Combined, they had output of about 70 million barrels last year, almost half what was produced when output peaked in 2007, provincial data show. The 150,000 barrel-a-day, Exxon-led Hebron project is scheduled to start production next year.

"What we see really is almost like a renaissance in Newfoundland and Labrador," Robert Cadigan, chief executive officer of the Newfoundland and Labrador Offshore Industries Association, a trade association.

Source: Bloomberg

EAST COAST 'RENAISSANCE': OIL PRODUCERS FLOCK TO AREA, COMMITTING $1.2B IN PARCELS AFTER LAW CHANGE

A change to an obscure shipping law is helping draw major oil companies to an area off Canada's east coast that may rival the North Sea for its production potential.

Exxon Mobil, Chevron, Statoil, BG Group and BP are among the companies that committed to spend $1.2 billion in auctions last November by the province of Newfoundland and Labrador for seven parcels off the coast. Now the government is adding 13 new parcels in an auction set for this November, as the removal of a decades-old shipping restriction opened the area to more vessels seeking oil and natural gas.

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