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ALBERTA OILSANDS PROJECT REMAINS CLOSED UNTIL OIL HITS ABOVE $50 US A BARREL

Hangingstone thermal oilsands project was shut down during Fort McMurray wildfires

One of Canada's oldest oilsands projects, which was shut down during the wildfires in Fort McMurray, Alta., will remain closed until benchmark oil prices rise above $50 US per barrel, its operator said Monday. The Hangingstone thermal oilsands project, operated by Japan Canada Oil Sands Ltd. since 1999, was shuttered in May as a precaution when staff were evacuated due to the wildfires.Satoshi Abe, the company's executive vice-president, said the facility won't be restarted for economic reasons."It was our plan before the wildfire to shut it down temporarily because of the very, very weak oil price market," said Abe in an interview."With WTI (West Texas Intermediate) in the lower $40s, we are losing money for every barrel we produce. So we decided to suspend production to improve our short-term results while at the same time leaving resources in the ground to be produced when market conditions get better."The project was built with capacity of 10,000 barrels per day to test the use of steam to produce bitumen from wells but had been producing only about half of that in recent years. At full capacity, Canada's oilsands industry produces about 2.5 million bpd.Abe said construction continues on the company's nearby $1.8-billion Hangingstone expansion project, which is expected to be completed by the end of the year and begin producing by the middle of next year. Japan Canada Oil Sands is planning to ramp up capacity of that site to 20,000 barrels per day, with room for a future expansion to 30,000 bpd.Japan Oil Sands, owned by a consortium of Japanese companies, doesn't expect any layoffs from among its 200 current permanent staff because they will be needed during construction and when the new project opens, Abe said.Analyst Michael Dunn of FirstEnergy Capital said the Japan Canada operation had higher than average costs per barrel because of its relatively small size, the age of some of its wells and equipment and the fact it was trucking its product to market instead of using a pipeline.He said the expansion project, which will be connected to a pipeline, will be more economically sound.Abe said about 800 people were evacuated from the construction site and about 40 from the operating site when the wildfire erupted. They were able to return by late May.The projects are 25 per cent owned by Nexen Energy, a subsidiary of Chinese state-owned firm CNOOC Ltd.The Alberta Energy Regulator recently reported provincial oilsands production in May dropped by about 25 per cent, mainly because of the wildfire and the resulting evacuation of about 90,000 people from the region.

BRITISH ENERGY COMPANY WANTS OUT OF T&T

Less than a month after Canadian oil and gas company Niko Resources Ltd signalled it is considering bailing out of Trinidad and Tobago, one of Britain's, Centrica plc, this week reminded the market it is trying to do the same.Centrica, the parent company of British Gas, which supplies gas, electricity and energy-related services to households in the United Kingdom and North America, is still trying to sell off its Trinidad and Tobago assets, Centrica Group chief executive Officer Iain Conn said on July 28 as he delivered half-year 2016 results to investors."We continue to make progress in reshaping our exploration and production (E&P) business, although low commodity prices mean it is not straightforward to divest non-core assets as we look to move from a business producing between 75-80 million barrels of oil equivalent (mmboe) of gas and oil per annum to one which produces between 40-50 mmboe. Our E&P focus is on Europe and we have now commenced a process to dispose of our Canadian assets, alongside our partners Qatar Petroleum. We also continue to review options to dispose of our Trinidad and Tobago assets," he said.Investors who did not hear Conn the first time had the benefit of a repeat when he reiterated: "We have now commenced a sales process for our Canadian assets, while we continue to explore options to exit our positions in Trinidad and Tobago."Centrica first entered Trinidad and Tobago in 2010 through the acquisition of assets from Suncor for US$380 million (£246 million) in cash. Centrica has a non-operated 17.3 per cent stake in one producing block—North Coast Marine Area (NCMA-1)—and a 90 per cent operated interest in one development, Block 22, which contains two discoveries—Cassra and Sancoche. The NCMA-1 block currently supplies gas into the Atlantic liquefied natural gas (LNG) facility. In 2014, Centrica sold its 80 per cent stake in Blocks 1(a) and 1(b) in the Gulf of Paria to Trinity Exploration and Production plc for US$23 million.

APPROVAL OBTAINED FOR LNG PIPELINE FROM GOLDBORO TO CAPE BRETON

Pipeline to connect Bear Head LNG Corporation facility in Point Tupper with North American pipeline.A pipeline that will connect with a recently approved liquefied natural gas facility in Cape Breton has been approved.Bear Paw Pipeline Corporation announced Wednesday the pipeline was approved by the Nova Scotia Utility and Review Board.

The 62.5-kilometre pipeline will run between Goldboro, N.S., to the Bear Head LNG Corporation's export facility still to be constructed in Point Tupper, Richmond County.

The Bear Paw pipeline is an "integral" part of development for the proposed Bear Head site, the company said in a news release.Bear Paw and Bear Head are Nova Scotia-based sister companies, both owned by Australia's Liquefied Natural Gas Limited.

The pipeline would also connect with the Maritimes and Northeast Pipeline mainline, which runs from Goldboro to Massachusetts.Bear Head obtained all required permits to construct the liquefied natural gas export facility in Point Tupper, on the Strait of Canso, southeast of Port Hawkesbury. Canada's National Energy Board and the U.S. Department of Energy have granted export licenses for the facility, the company said in June.

Operations at the Bear Head facility are scheduled to start in 2019.

CRUDE OIL DIPS BELOW $40 US ON SUPPLY GLUT

Some analysts say oil prices will rise over the next year.Crude oil futures traded at a new four-month low below $40 US a barrel Tuesday amid continuing oversupply worries.

The New York futures contract for September delivery fell to $39.35 shortly before noon ET. That's a drop of 71 cents from Monday's close. That price represents a tumble of more than 20 per cent from its recent peak above $50 a barrel in June. The most recent inventory figures from the U.S. Energy Information Administration (EIA) showed that the U.S. added 1.7 million barrels of crude in the week ending July 22 — pushing the commercial crude oil inventory figure to "historically high levels" for this time of year.The EIA said the 521.1 million barrels in the U.S. stockpile is more than 61 million barrels higher than it was a year ago and more than 150 million barrels above the supply figure two years ago. The next inventory report from the EIA will come tomorrow.

While the oil industry isn't happy about the recent slump in the price they get for their products, motorists are reaping the benefits.A weekly survey of pump prices by the Kent Group says the average price for a litre of regular unleaded gasoline across Canada was $1.024 as of July 26. That's down more than 16 per cent from a year ago. But there are predictions that the current level of low oil prices won't last. Bank of America Merrill Lynch head of commodities research told Bloomberg Television that oil will likely be back above $50 a barrel towards the end of this year. Bloomberg also surveyed 20 analysts for their thoughts on where oil prices would be next year. Their median estimate was that oil would average $57 a barrel in 2017.

ONTARIO AUTOMAKERS FACED MORE PAIN IN '09 THAN ALBERTA'S ONGOING OIL WOES: FEDS

Federal analysis compared the two situations while discussing possible rescue package

Ontario's auto sector absorbed a far greater economic wallop during the financial crisis than the damage low oil prices have inflicted on Alberta, says an internal federal analysis.

The February memo, prepared for Labour Minister MaryAnn Mihychuk, examined the two economic crises after some observers had called on governments to help Alberta's energy industry — much like the 2009 bailout of the automotive sector.The auto sector's situation was much more dire, the document concluded."With the current downturn in worldwide oil prices, some have advocated a similar type of assistance be made available to support the oil and gas industry," said the briefing note, obtained by The Canadian Press under the Access to Information Act."However, the context differs considerably. The impact on the Ontario automotive industry was far more acute than what has been seen so far in the Alberta economy."The federal and Ontario governments spent a combined $13.7 billion to rescue automakers Chrysler Canada and General Motors Canada from potential bankruptcy.At the time, consumers had difficulty securing car loans because of a credit crunch. Sliding sales stung the car companies, which could no longer generate enough cash to finance their operations.They couldn't seek help from flagging financial markets, so they knocked on government doors. Fast forward to today and Alberta's energy-dependent economy remains hobbled by stubbornly low oil prices, which started their plunge about two years ago.Cheaper crude has pushed once-booming Alberta into recession, leading to big drops in business investment in the energy sector as well as large-scale layoffs in the industry and along the supply chain. The fallout has also been felt at the national level.The memo compared the two situations.The unemployment rate in Alberta's oil sector climbed to 7.9 per cent in 2015, up from 2.9 per cent in 2011. By comparison, the analysis found, the jobless rate in Ontario's auto manufacturing sector peaked at 21.9 per cent in 2009, an increase from

8.4 per cent in 2007.It also noted that the 2008-09 recession was an international economic crisis, while the current context represents slowing global growth — but not a recession.The 2009 bailout came amid concerns Canada could lose auto-sector jobs "at an accelerated pace" due to lower-wage jurisdictions in the southern United States and Mexico, the document added. Since oil and gas resources aren't mobile, there was a lower risk of jobs being moved out of Canada, it noted. The analysis also underlined the importance of GM and Chrysler to the entire automotive supply chain. A bankruptcy, it said, could have had a "ripple effect" across the country.When it came to Alberta's energy sector, the document said some "smaller highly leveraged" oil firms may have been at some risk of default. But it argued that major oil companies had yet to approach governments for assistance and remained in relatively good financial shape.Since February, when the federal memo was created, Alberta's economy has faced even more challenges.Not only have crude prices remained low, the provincial economy suffered another hit when huge wildfires forced the temporary closures of critical production facilities. The blazes also destroyed more than 2,000 structures and triggered the evacuation of 90,000 people from Fort McMurray.

The latest labour market survey said Alberta's overall unemployment rate climbed last month to 8.6 per cent — its highest mark in nearly 22 years. Statistics Canada said the jobless rate in the province's oil and gas sector peaked at 12.3 per cent in February. It fell to 11.8 per cent in March and was 9.7 per cent in July. Alberta, however, has also received some help from Ottawa.The federal government announced earlier this year that Alberta was eligible for an automatic payment of $251.4 million in financial relief through its seldom-used fiscal stabilization program. In their March budget, the Liberals also boosted employment insurance benefits for hard-hit regions of the country, which included some parts of Alberta. The changes, however, were criticized for omitting Edmonton. Mike Moffatt, a Western University economics professor, said the biggest difference between ongoing struggles in Alberta and 2009 was that, unlike today, the credit system back then had broken down.He said the unusual set of circumstances had left banks unable to provide capital even when it made financial sense. So, if automakers couldn't make their payrolls, they couldn't turn to the banks for help, Moffatt added.

That made the "exceptionally rare" decision to provide an industry bailout necessary, he said."There was this underlying understanding that if we weren't at the table, we could kiss the entire industry goodbye."

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Patio door opening
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8 MacIntosh- Kivamaa
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Short walk to the beach
c/w appliances and furniture
MLS® 578925

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Sunshine Kivimaa
Moonlight Bay Place
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65 x 130 ft bare lot
Corner of Sunshine Place
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