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 Ann Wilson, CHRP, ICCRC R421415  
 (Formerly Citizenship Judge)  
 ann@wilsonimmigration.com

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### 'LONG AFTERSHOCK'

Big Oil is retreating from Western Canada during two-year downturn. When an oil recovery does take hold in Western Canada, it will have to make do with a diminished presence of global oil players. Companies such as Total S.A., Statoil ASA, Conoco Phillips, BP PLC, Chevron Corp., Repsol S.A. and many others retreated sharply from Canada during the two-year downturn, slashing staff, selling assets and dumping their Calgary office space into an overbuilt market. Kevin Birn, Calgary-based director, North America crude oil markets at global energy consultancy IHS Energy, said the pullback will contribute to a slower return to growth for the oilpatch. "We are calling it the long aftershock of low oil prices," Birn said. "Since prices collapsed in 2014, there are a number of projects in the system that have proceeded to completion and that will drive growth to 2020. But the lack of investment

since 2014 in new projects means ... we will have lower supply additions until well on the other side of 2020 (or well into the early part of the next decade). "Many international oil majors moved to Western Canada or bolstered their presence when oil and gas prices were expected to keep rising and global accessible reserves were thought to be in decline. They wanted a piece of the oilsands, shale gas and of a liquefied natural gas industry in British Columbia. But those growth engines stalled — the result of low energy prices but also regulatory delays to build export infrastructure — and many oil majors switched gears from growth to working with what they have. International oil companies have been downsizing everywhere because of the price collapse, but their Canadian operations have had to deal with an additional disadvantage — the loss of political and regulatory stability, which has restricted their access to markets, said a senior industry source. "We

have taken what was our competitive advantage and wiped it off the table," the source said. "We may be one of the only producers that has self-imposed restrictions on selling its product." Norwegian giant Statoil axed its Canadian workforce to 380, mainly at its Calgary headquarters, from 600 in 2014, after deferring spending in the oilsands. "We think Canada is a great place to do business, but times are tough right now due to a number of factors including low oil prices and lack of market access," said spokeswoman Allyson Zarowny. Statoil is now focusing on improving performance at its Leismer oilsands project and exploring offshore Newfoundland, she said. ConocoPhillips, based in Houston, cut its Canadian workforce by 1,000, to less than 2,000 people today, said spokeswoman Michelle McCullagh. "We continue to ramp up production at our Surmont oilsands facility and are optimizing our oil and gas portfolio in Western Canada,"

she said. Chevron Corp., based in San Ramon, Calif., cut its Canadian upstream team to 400 people this year, said spokesman Leif Sollid. That's down from about 600 to 800 Canadian staff before layoffs across its global operations, according to published reports. Sollid said the company, a player in Canada since 1938, continues to hold major assets in Canada, including the Kitimat LNG project, the oilsands and offshore Newfoundland. The lack of investment since 2014 in new projects means that we will have lower supply additions until the other side of 2020BP, the British major, has shrunk sharply, though it wouldn't say how many people it has laid off. It continues to run a trading operation in Calgary and has investments in various projects. The French major, Total, also shrunk its presence dramatically after suspending work on the Joslyn oilsands project in 2014. It continues to be a partner in the Surmont and Fort Hills oilsands

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projects, said spokeswoman Linda Bucke. Spain's Repsol said last year it would cut Canadian staff by 1,500 over three years after taking over Talisman Energy Inc. Anglo/Dutch major Royal Dutch Shell PLC has also trimmed Canadian staff as part of a global program following its takeover of BG Group PLC. Shell has put on hold a decision on whether to move forward its LNG Canada project with its partners. Last week it sold natural gas properties to Tourmaline Oil Corp. for \$1.4 billion. But spokeswoman Tara Lemay said Shell's Canadian business remains very large, with 8,000 employees across integrated operations, including one of the top oilsands projects, exploration drilling offshore the East Coast, and large refining and marketing presence. "2016 is a transition year for Shell as a result of completing the BG combination earlier this year," she said in a statement. "This includes pulling various levers to manage the financial framework in the down-cycle, such as asset sales." Imperial Oil Ltd., the Canadian

affiliate of Exxon Mobil Corp., stands out for having no layoffs at all among its 5,700 employees and moving forward with oilsands expansions, including at Cold Lake and the new Aspen project. Greg Kwong, regional managing director, brokerage services, at CBRE Canada, has watched office vacancies in downtown Calgary swell to nearly a quarter of available space as large oil companies adjusted to lower oil price expectations and diminished long-term investment commitments. "To use the car business as a parallel, there is a lot of used cars being driven around, but no one is buying new cars," he said. In an updated production outlook this week, the National Energy Board said oil production would increase from four million barrels a day in 2015 to 5.7 million barrels a day by 2040 — 391,000 barrels a day less than what it estimated in its January report. It said lower oil prices would only have a modest effect on increased oilsands production in the near-term, as projects already under construction continued to move forward, but recently cancelled and deferred projects would start to hit production numbers by 2019. Among the stalwarts are Canadian companies that don't have as many investment options elsewhere. They also happen to be the oilsands' original players — Suncor Energy Inc., Imperial, Canadian Natural Resources Ltd., and Cenovus Energy Inc. "It's the names that you know going back into the assets they have," Birn said.



## PRESSURE RAMPING UP FOR FEDS, PROVINCE TO ENSURE WORLD CLASS SPILL RESPONSE

Provincial and federal NDP demanding improvement to response following grounding of Nathan E. Stewart. Nearly two weeks after a diesel spill on the B.C. coast near Bella Bella, B.C. NDP Leader John Horgan has asked the federal government to "immediately establish strategic spill response capacity for our coast to prevent future damage to our sensitive marine environment." Horgan has sent Prime Minister Justin Trudeau a letter detailing his concern the spill is still not cleaned up and that it took 22 hours for the Coast Guard to arrive on site. "It strikes me that the failure of the federal and provincial government is to do more than just talk about world-class spill response, you have to do something about it," said Horgan. "We have been talking about this for five years and we have made no progress. I think the time for talking is over, and we need some action from both levels of government." Horgan visited the area on Friday to see the spill area first hand. The Nathan E. Stewart started to spill diesel on October 13, after the heavy tug ran aground pulling an empty fuel barge. The federal government has the jurisdictional authority over Canada's coastline, including oil spill response. B.C.

Premier Christy Clark blasted the federal government the day after the spill for not responding fast enough.

"We need an increased coast guard presence and B.C. has been cheated by the federal government when they have been spending money on coast guard on the East Coast," said Clark at the time. But the argument Horgan and Green Party leader Andrew Weaver are making is that the provincial government should be responsible for working with the federal government to ensure Canada's Coast Guard is as ready as it needs to be to protect B.C.'s coast. "How can we possibly think we are on path for a world-class spill response when we have a small tug carrying thankfully an empty barge," said Weaver.

"I have no confidence in either the provincial or federal government to deal with a spill on our coast." First Nations on B.C.'s Central Coast are also worried about the damage that has been done to clam beds near where the boat ran aground. Skeena-Bulkley Valley NDP MP Nathan Cullen is calling for immediate federal action to cover the lost income of those working in the commercial clam harvest. "We are just asking for basic decency and common sense really," said Cullen. "It has really hit the Heiltsuk people in their traditional fishing grounds ... So we are asking for compensation for that to keep families whole over the wintertime." Fisheries

## NEVER FORGET



and Oceans Canada has closed the shellfish fishery near Bella Bella almost entirely due to contamination from the diesel spill. The tug and barge are owned by U.S. company Kirby Offshore Marine

### YOUTH ARE PUSHING BACK AGAINST FOSSIL FUEL INFLUENCE

Yesterday, 99 students and youth were arrested on Parliament Hill calling on Prime Minister Justin Trudeau to reject the Kinder Morgan tar sands pipeline. You might be asking yourself, why would young people with their whole lives ahead of them risk arrest? First, there's the obvious fact that there is perhaps no more clear and pressing danger to young people than climate change's promise of adulthood in a hellish dystopian future. Second, civil disobedience is a powerful way for youth to counter the immense lobbying power the fossil fuel industry is bringing to bear on Justin Trudeau's government. Over the course of a month, during the lead up to the Paris climate talks, Suncor met with the government 12 times. Last October, before the dust had even settled from the election, TransCanada had three separate lobby meetings with Canada's ambassador to the US. To date, the Canadian Association of Petroleum Producers - the same organization directly linked to the gutting of Canada's environmental protection regime - has recorded more than 70 meetings with the Liberal government. Kinder Morgan has met with the government 35 times and Enbridge has recorded 86 meetings, something raising more than just eyebrows as Justin Trudeau seems

to be walking back his commitments to a tanker ban on the BC coast and pipeline review overhauls.

It doesn't stop there. The Canadian Energy Pipeline Association has recorded 57 lobby meetings. TransCanada has logged 45. Imperial Oil, the Canadian name for Exxon - currently under fraud investigation for lying to public about climate change - recorded 57 meetings with this government. To put that into perspective, that's more than a meeting a week during this government's first year in office. Of course, it could be entirely possible that this government has been sitting down with these lobbyists, having coffee and plainly explaining to them that their expansion plans don't fit with the science of climate change. But, when you look at the policy progression that has followed this string of lobbying, it tells a different story. During the 2015 election campaign, Trudeau's government made a suite of promises on climate change and Indigenous rights. It included overhauling the National Energy Board and redoing pipelines reviews, implementing a tanker ban on BC's North Coast, developing new, more ambitious climate targets for Canada and adopting the United Nations Declaration on the Rights of Indigenous Peoples. Since taking power they have adopted Stephen Harper's climate targets, targets that Trudeau described as reflecting a government with "no desire to actually be responsible on the environment". They have persisted with the NEB reviews of both the Kinder Morgan and Energy East pipelines, albeit with some cosmetic changes. They have described the implementation of UNDRIP as "unworkable" and "a political



distraction", and ducked questions on their plans to implement a tanker ban on BC's north coast. On their promise to renew a nation to nation relationship with Indigenous Peoples, this government has approved two major energy projects in BC opposed by Indigenous peoples -- the Pacific Northwest LNG project and the Site C dam. Credit where it's due, they announced plans to implement a carbon price, albeit one that alone will do little to bring Canada in line with the Paris climate commitment.

The world only has so much carbon left to burn if we are committed to the 2°C target the world agreed to in Paris. There is even less left if we are to hit the 1.5°C target that Canada pushed the world to strive for in that same agreement. If Justin Trudeau approves the Kinder Morgan pipeline, he'll be putting Canada on track to burn up to ¼ of that remaining carbon. For

a country that makes up .005% of the world's population, that would, frankly, be kind of a dick move. That's why 99 youth were arrested yesterday in Ottawa, for what was one of the largest acts of climate civil disobedience in Canadian history. Because, the world needs Canada to actually lead on climate, and climate leaders don't build pipelines. Climate leaders take bold action to keep fossil fuels in the ground and harness the immense potential of renewable energy that exists from coast to coast in Canada. Climate leaders listen to the science and those whose generation will inherit the mistakes of current leaders, they don't listen to the same fossil fuel companies who knew about climate change in the 1970s and lied to the world about it. Bottom line, a real climate leader will reject the Kinder Morgan pipeline come December.

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