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Published By: NEWS COMMUNICATIONS since 1977

Saturday November 19th, 2016

WORKERS AT OILSANDS CAMPS NEAR FORT MCMURRAY HIT WITH STOMACH BUG

Gastro-intestinal illness has not been confirmed as norovirus, AHS spokesperson says

An outbreak of gastro-intestinal illness has hit work camps near the Fort Hills oilsands site, 90 kilometres north of Fort McMurray, an Alberta Health Services spokesperson said Monday. AHS Public Health is aware of the illness, Kerry Williamson said in an emailed statement. "It has not been confirmed as norovirus," he added. A Suncor spokesperson said about 80 people at Fort Hills have reported symptoms. No flights to or from the camps have been cancelled, Suncor said. But workers showing symptoms are being asked not to board flights but to remain in their rooms. Williamson said outbreaks of this type are not unusual at this time of year, particularly at sites where people are living and working in close quarters. He said inspectors visited the site Monday, and AHS Public Health provided information over the weekend, to help limit the spread of the illness. Precautions include enhanced cleaning, isolating sick people, hand hygiene measures, and changing kitchen practices to reduce food handling by workers.

Fort Hills is an oilsands mining project owned by Suncor Energy, Total E&P Canada and Teck Resources. It is scheduled to start producing oil by late 2017.

KINDER MORGAN BRACES FOR STANDING ROCK-TYPE PROTESTS

Energy company already talking to RCMP about security, months before next pipeline might be approved. A person only has to read a few of the stories about the Standing Rock protest or see some of the pictures and videos to get a sense of the hostile stalemate over

the construction of the new Dakota Access pipeline. The protests in North Dakota began small and peaceful, but grew in support and captured the attention of the continent.

The tension continues to escalate as protestors chant, wave flags and set fires, while police have used rubber bullets, mace and Tasers. The emotional conflict could move north across the border next year if Kinder Morgan receives provincial and federal approval to construct its Trans Mountain Expansion oil pipeline through parts of Alberta and British Columbia. Even though the project may not go ahead, the Texas-based energy company is already bracing for the sizable security effort it may need. Installing nearly 1,000 kilometres of pipeline around mountains, rivers and other terrain is a challenge in itself, let alone coordinating contractors and hundreds of workers with protestors at the door step. Pipeline activism is rising and Kinder Morgan knows it. "I'd be naive if I didn't expect that," said CEO Ian Anderson told reporters recently in Calgary. "Hopefully, it's peaceful. People have the right to express their views publicly and in that regard, we will accept and acknowledge that." "It's when it goes beyond that that we'll have to be prepared," he added. The preparations involve meeting with law enforcement. "We've been in deep conversations with policing authorities, RCMP in the planning for our project — what can we anticipate and what their role needs to be," said Anderson.

The RCMP, for its part, won't provide any detail about those arrangements. Instead, it's emphasizing its role as an impartial party. "We will plan for any and all circumstances to ensure police and public safety," said Sgt. Annie Linteau with the Lower Mainland District RCMP as part of an emailed statement. "We make every effort to ensure [protestors] understand where they can safely protest so their message will be heard."

Kinder Morgan has faced criticism from politicians such as the mayors of Burnaby and Vancouver and from some First Nations who do not feel they have been adequately consulted about the \$6.8 billion project. Some First Nations also feel they have a



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veto right, although Ottawa dismissed that notion this week. As with most oil and gas development, there are concerns about the impact on the environment. Fences and security cameras have become commonplace at pipeline facilities in recent years, but they have not deterred people from breaking in. Several tampering incidents took place in Ontario over the last year. Last month, up to five major pipelines carrying Canadian oil were shutdown in the U.S. after a coordinated effort by an environmental protest group. The Standing Rock protests in North Dakota continue to the point U.S. President Barack Obama has suggested the pipeline may have to be moved. Kinder Morgan is watching the situation closely because of how the protest suddenly gained massive momentum across North America. The pipeline in B.C. won't fly under the radar. "There'll be localized impacts, there will be regional effects and national and international focuses, so we're preparing for all of those both from a security and safety standpoint," said Anderson. "They'll look for soft spots in the system and it's my job to make sure there aren't any." The increase in pipeline protests and their severity is

because of social media, according to some industry watchers such as Michael Tran, director of commodity strategy at RBC Capital Markets. Tran grew up in the industrial West Coast community of Kitimat, B.C., but now lives in New York. He suggests events such as Occupy Wall Street, China's 'umbrella revolution' and, to an extent, the Arab Spring were disorganized and didn't have a specific goal in mind. The pipeline protests, such as the efforts made last month to shut down major pipes, are much more focused. "It was probably two or three people who organized the protest and it went viral on social media and all of a sudden you had several people hop fences, had bolt cutters and guys who turned valves," he said. "It started as something relatively benign in terms of protest, to actually growing to something where you are physically doing something to shut down flow." The protest group said it planned for months to ensure there wouldn't be an inadvertent oil spill or explosion. Tran suggests an alarming conclusion from the event was that it didn't require much sophistication. "It's concerning because these aren't rocket scientists or engineers who were shutting down these pipelines,



they are everyday people," he said. All of this is front of mind for Kinder Morgan, while it waits for federal approval next month and an environmental certificate from B.C. shortly after. If it receives the green light, the company expects the governments, along with other proponents such as other First Nations and business groups, to support the project throughout construction and help counter the opposition. Whether realistic or not, some officials are hopeful the fate of the pipeline won't be as polarizing as is expected. "We have had a very good working relationship along that route with First Nations as well as with the company," said B.C. Deputy Premier Rich Coleman about the Trans Mountain Expansion. "I look forward to hopefully something that everyone can work with and be happy with when the federal government does make its final decision." The recent spike in protest activity would suggest otherwise and that's why detailed security planning is already underway well before the project receives a federal government decision to be approved or not.

In May, the National Energy Board recommended the multi-billion dollar pipeline be constructed if 157 conditions are met, including 49 environmental requirements. The NEB described the requirements as achievable for the company.

WHAT WE KNOW ABOUT TRUMP AND HIS ENERGY POLICY

As markets digest the surprise election of Donald Trump, one thing is clear: pipelines are back. The final ballots were still being counted when speculation began about the fate of the Keystone XL pipeline. President Obama killed the project a year

ago, which led the project's backer, Calgary-based TransCanada, to file a lawsuit against the U.S. government, as well as a NAFTA challenge. That legal action is probably not needed with Donald Trump in charge. Here is what the president-elect said about the thought-to-be-dead pipeline while campaigning in North Dakota last May. "I would absolutely approve it, 100 per cent, but I would want a better deal. I want it built, but I want a piece of the profits," Trump said. "That's how we're going to make our country rich again."

It certainly sounds like Trump wants a cut from TransCanada, something that's likely to be difficult under NAFTA. Of course, we all know Trump is no fan of NAFTA. But there are other challenges to charging Canada to move energy through the United States.

"It would start a 'me too,'" said Jackie Forrest, vice-president of energy research with ARC Financial in Calgary. "We import a lot of [natural] gas into eastern Canada — should there be a charge for that? That one simple issue — we will charge for Keystone XL — there's a lot of domino effects that would come out of the system if we started charging a toll for moving energy." Joe McMonigle, who was chief of staff in the U.S. Department on Energy under President George W. Bush, said Trump's demand for profit-sharing was simply campaign rhetoric and he expects a Keystone XL approval quickly.

"I think Keystone is going to be one of the very first actions that President Trump will take after the inauguration," McMonigle said. "It's a very simple approval for him, a quick reversal of an Obama policy and quite easy for him to do. I think

it's something he does in the first week, if not the first two or three days." TransCanada released a statement Wednesday afternoon saying it is exploring ways to work with the incoming administration. Christopher Sands, the director of the Canadian Studies program at Johns Hopkins University, also expects Keystone XL to be approved in short order, but said that TransCanada needs to first reapply for a permit and drop its U.S. legal challenges — but also to make the benefits of Keystone XL very clear to Trump. "Putting it together in a nice package gives Trump the ability to say 'I'm doing something for America' and not just offering concessions to a foreign country," said Sands. The price of oil popped up Wednesday slightly from its dip after the election result was announced. That's because the over-supply issue just got a little murkier. Trump has vowed to tear up the Iran nuclear deal, which would mean re-imposing sanctions — and potentially removing a million barrels per day of supply off the market. "There is a lot of momentum in Congress and bipartisan support for re-imposing Iran sanctions," said McMonigle. "He would have support in Congress, he wouldn't be flouting Congress." OPEC was looking to reduce supply by approximately 700,000 barrels per day in its hoped-for agreement later this month. That deal was appearing to fall apart, as members of the cartel were looking for exemptions. If the Iran deal is scrapped, the OPEC deal might not be necessary anymore. On the flip side, though, Trump has also talked about U.S. energy independence and growing U.S. production. Right now, the United States consumes just under 20 million barrels per

day of petroleum products, and has net imports of 4.7 billion barrels of oil, while it produces 8.6 million bpd. That's still a considerable gap. If production ramps up under Trump, OPEC will be scrambling to protect its market share.

However, there is a general impression in the market that Trump has warmer feelings toward fossil fuels than Hillary Clinton. "If you look at all of the policies that he's talked about, you would say that's a more favourable environment toward oil and gas producers than under a Clinton administration," said Forrest. Trump certainly has a less favourable attitude toward renewable energy and climate change policy. You could see that reflected in the markets Wednesday. Shares in Vesta Wind Systems, the world's largest wind turbine maker, dropped nearly 15 per cent today, while coal producers like Cloud Peak were up by a similar margin. Trump has promised to pull out of the Paris Accord, and his future nomination of a conservative Supreme Court justice means it is more likely President Obama's Clean Power Act could die in the courts, where it is being litigated right now. Meanwhile, Canada is moving toward pricing carbon. "The fact that Trudeau is talking about a \$50 per tonne carbon tax would mean that our industries, like the oil and gas industry, that sell into the United States will have higher costs," said Forrest. "So it does put us at a competitive disadvantage vis-a-vis the U.S." But she also cautions that many of Trump's policies are vague and that there is much to be nailed down. "There are so many things that are talked about during an election. I'm going to be listening for what are the policies that are rising to the top."



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