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BC INVESTMENT CHILL?

Dix, odds-on favorite to become BC's next premier, wants to scrap host of projects

After three months of pondering, Adrian Dix has put Kinder Morgan in the same category as Enbridge — unwelcome visitors to British Columbia if, as seems almost certain, he becomes premier of the province on May 14.

In the process of reversing a previously held position, the leader of the left-wing New Democratic Party unveiled even more of his ambivalence to resource development and raised fears of a flight of capital from British Columbia.

In declaring his opposition to Kinder Morgan's plans to almost triple capacity to 890,000 barrels per day on its Trans Mountain pipeline from the Alberta oil sands to the Pacific Coast, Dix put that project in the same category as Enbridge's planned 525,000 bpd Northern Gateway system (which also includes a twin pipeline to import 193,000 bpd of condensate).

"We do not expect Vancouver to become a major oil export port, as appears to be suggested in what Kinder Morgan is suggesting to the province," Dix said. "I don't see that transformation as being the right approach for our economy or out port."

In January, Dix said he would not be rushed into a decision on Trans Mountain, insisting he would not prejudge the pipeline until Kinder Morgan had filed a regulatory application as part of a federal environmental review.

That stance was dumped April 22. "It's been an important question for some time. There wasn't any particular pressure other than the importance of the issue. I reflected on it for a long time," he said.

Dix said an NDP administration would not support "a massive change in the nature" of operations at Port Metro Vancouver, where municipal governments have voted against allowing Kinder Morgan to increase tanker traffic from its existing terminal to 25-30 tankers a month from the current five-10, most of which deliver to California, with a small percentage serving Chinese heavy crude refineries.

No stand on Kitimat

Dix has yet to take a stand on plans by British Columbia newspaper publisher David Black to build a pipeline to deliver oil sands crude to a refinery at Kitimat, also the terminus for Northern Gateway.

Nor has he taken a definitive position on pipelines that would be needed to provide natural gas feedstock for LNG exports.

His opposition to the Kinder Morgan and Enbridge plans extends far beyond merely trying to block pipelines.

He wants to overthrow an environmental review process that has been holding public hearings over the last 15 months into Northern Gateway and is poised to receive an application for Trans Mountain in favor of restarting hearings with British Columbia's own review.

Although the federal government has a defined constitutional responsibility to rule in the national interest on the economics of oil and natural gas exports that involve pipelines crossing inter-provincial boundaries, the British Columbia government has the final say on issuing licenses and permits, including those that involve pipelines crossing waterways.

In addition to seeking preeminence for British Columbia in resource hearings, he wants to raise carbon taxes on oil and gas production, continue a moratorium on offshore exploration, ban additional tanker traffic in coastal waters, strengthen the role of First Nations in approving major energy ventures and to ensure British Columbia receives a greater share of the economic benefits of resource development.

He also plans a scientific review into fracturing to unlock the province's vast shale deposit.

Opposed to other projects

Outside of oil and gas, Dix has indicated he will stand in the way of a new coalmine on Vancouver Island, Taseko's plan to develop the largest gold and copper deposit in Canada creating 2,500 mining, construction and indirect jobs and proceed with a major hydro dam that would be vital to LNG projects.

Political observers believe that Dix's sudden boldness on these issues is prompted by two factors — confidence in his apparently unassailable lead in election campaign polls coupled with his unease over the strength of the Green Party, which could eat into the NDP's hopes of a resounding victory.

"I suspect that Dix climbed down off the fence on Kinder Morgan to prevent the upstart Green Party, which opposes pipelines and tankers without qualification, from siphoning away votes from the NDP in swing (constituencies)," wrote veteran Vancouver Sun columnist Vaughn Palmer.

Others say an NDP government will drive away investment by the resource sector, turning off the taps on revenues needed to pay for his election promises.

Call for regulators to settle

In response, Kinder Morgan wants regulators, not politicians to settle the fate the Trans Mountain expansion.

Ian Anderson, Kinder Morgan's Canadian president, said in a statement the company believes that the "process, including full applications and supporting evidence, should determine the outcome."

He said Kinder Morgan is confident it can "satisfy questions and concerns" from both the public and elected officials once the company files its formal regulatory application for the C$5.4 billion project and starts public hearings.

Philippe Reicher, vice president of external relations with the Canadian Energy Pipeline Association, said in a statement that a National Energy Board decision on Trans Mountain would be "made on the merits of the project. Fundamentally, Trans Mountain is a federal

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undertaking and the federal process needs to take its course. It is a thorough and lengthy process."

Brian Ferguson, chief executive officer of Cenovus Energy, one of Canada's top three oil sands producers, told a conference call April 24 his company supports all projects for additional access to existing and new markets.

"It is vital to the economy that Canadian oil companies continue to expand market access for their production," he said.

"Without pipelines to new markets, Canada's oil industry will continue to leave billions of dollars of lost revenues on the table every year to the detriment of all Canadians.

"With the third largest oil reserves in the world, Canada has a tremendous opportunity to meet the growing global demand for energy," Ferguson said.

Cenovus is already a major shipper on the existing 300,000 bpd Trans Mountain pipeline to Vancouver and Washington State and said it receives "higher international prices" for 40,000 bpd of production using pipelines, barges and rail options to access ocean transport, with 11,500 bpd being shipped on Trans Mountain.

ALBERTA OILFIELD WORKER FINDS MASSIVE DINOSAUR FOSSIL

A worker at Suncor has stumbled across one of the oldest dinosaur fossils ever unearthed in Alberta.

A worker at Suncor has stumbled across one of the oldest dinosaur fossils ever unearthed in Alberta.

The discovery was made this week at a mine north of Fort McMurray.

Paleontologists from the Royal Tyrrell Museum rushed to the scene to start documenting the find.

It's believed the 110-million-year-old remains are of an ankylosaur, a plant-eating dinosaur with a large tail.

Originally, the creature was buried beneath a kilometre of earth, which would normally flatten out a fossil.

But this dinosaur was encased in extremely large rock.

Don Henderson of the Royal Tyrrell says it's a magnificent find.

"It's not disturbed at all. We've even got fingers and impressions of the scale that covered the outside of the body."

CANADA SAYS IT MAY TAKE EU TO WTO OVER OIL SANDS DISPUTE

Canada threatened on Wednesday to take the European Union to the World Trade Organization over its plans to label Canadian oil sands as dirty, but promised not to delay a bilateral trade pact. The issue has overshadowed relations as Canada and the EU try to deepen economic ties through a trade deal that could generate $28 billion a year in new business and commerce.

Canadian Natural Resources Minister Joe Oliver, on a week-long lobbying trip to Europe, accused the EU of breaking international trade rules and discriminating against Canadian exports. 'We are going to take whatever action we need to, and we may well go to the WTO,' Oliver told a news conference. 'We will defend our interests vigorously.'

The WTO has the power to order the EU to change its rules if they are found to be unfair, but the process is lengthy. Canada's oil sands are the world's third largest crude reserves, but most are in the form of tar sands. Extraction from the clay-like deposits takes more energy than pumping conventional oil and results in higher carbon emissions.

The European Commission has proposed labelling oil from tar sands as 'highly polluting' to help implement an EU goal to cut the carbon intensity of its transport fuels by 6 percent by 2020.

The Commission denies that it is singling out Canadian oil as its proposal also defines other unconventional sources of oil as carbon-intensive.

Asked whether the trade deal could be signed even if the EU goes ahead with its fuel labelling, Oliver said: 'Yes ... These issues are entirely separate.' He said Canada did not intend to use the issue as a bargaining chip.

Talks on a free trade deal began in 2009 and are in the last stage, diplomats say, but have stumbled over a series of issues. Canada, which is anxious to find new markets for its oil and gas outside the United States, argues that Europe should embrace it as a stable, reliable energy producer.

Yet many in the environment lobby say long-term investment in new heavy crude infrastructure and development would badly undermine attempts to limit climate change.

Twelve climate scientists and energy experts said in a letter to Oliver this week that Canadian policy was delaying the transition to an economy that was less reliant on carbon.

'We are at a critical moment,' the group, among them academics from Harvard in the United States, and from British Columbia and Queen's universities in Canada, wrote in the letter, seen by Reuters. 'The responsibility for preventing dangerous climate change rests with today's policymakers.'

A report on Wednesday indicated the European Commission's tar sands proposal would shift investment towards lower-carbon oil sources and could save up to 19 million tonnes of carbon dioxide per year - equivalent to removing 7 million cars from Europe's roads.

CHEMICAL INDUSTRY EXPANSIONS COULD ADD BILLIONS OF DOLLARS TO ALBERTA ECONOMY: STUDY

Further processing of oil and natural gas in Alberta could pump billions of dollars a year into the province's economy.

That's the finding of a study commissioned by Alberta's Industrial Heartland Association (AIHA), which was created in 1998 by the municipalities with land inside Alberta's Industrial Heartland, a 582-square-kilometre block northeast of Edmonton that bills itself as Canada's largest hydrocarbon processing region.

The non-profit group commissioned Schlenker Consulting Ltd. to estimate the potential economic impact of expanding the local processing of Alberta resources such as natural gas liquids, raw natural gas and bitumen. The report also looks at potential expansions to Alberta's petrochemical and fertilizer industries.

Oil and gas extraction generates roughly a quarter of Alberta's gross domestic product, but the overall manufacturing sector generates only seven per cent, according to the study.

Of that seven per cent, roughly 12 per cent comes from petrochemical and fertilizer production. However, the same chemical producers generate about a quarter of the net corporate provincial income taxes paid by the manufacturing sector as a whole.

"Concern is often expressed regarding the relatively small share of manufacturing activity in the province, given the natural resource production that occurs in Alberta, especially since there are so many ways of adding value to hydrocarbon products," the report says, while also warning that such ventures must be commercially viable.

Weak gas and bitumen prices have obvious downsides, but the upside is the improved profitability of industries that use those commodities as feedstocks. "This has created an opportunity to expand these industries in the province, as well as to stabilize provincial government revenues," the report says.

The study estimates chemical industry expansions using hydrocarbon feedstocks over the next decade could generate $2.4 billion a year in additional Alberta gross domestic product. The report says this is slightly more than the entire output of Alberta's current chemical industry.

It estimates provincial government revenues would rise by about $240 million a year and about 8,500 permanent jobs would be created along with $800 million a year in wages. These numbers exclude the benefits of construction and possible further Alberta processing of products such as polyethylene or polypropylene.

Average income per worker during the operation of the various projects is estimated at $94,000, well above the overall average Albertan income of $58,000 last year.

The study developed economic-impact estimates for two hypothetical plants converting raw hydrocarbons into higher-value liquids. The first is a refinery that would convert 150,000 barrels per day of bitumen into refined products such as diesel fuel and vacuum gas oil.

The second is a 96,000-barrel-per-day gas-to-liquids (GTL) plant that would convert methane into refined products such as diesel and naphtha.

(A GTL plant would convert natural gas, which is low priced due to a supply glut, into high-value liquid fuels. Development of such a plant in Alberta is still being considered by South Africa's Sasol Limited, though the company has decided to proceed first with construction of a similar plant in Louisiana where it can take advantage of its existing chemical complex, Louisiana state incentives and lower construction costs. Alberta's big attraction is an abundance of cheap gas.)

Each of these projects would add $2 billion a year to the Alberta economy and $200 million a year to provincial government revenues, the study estimates. It says the refinery and GTL projects would create 6,300 jobs and 3,800 jobs a year, respectively, and about $1 billion a year in labour income between them.

WINNERS OF SHELL CANADA AND CANADIAN GEOGRAPHIC'S CLASSROOM ENERGY DIET CHALLENGE ANNOUNCED

Over the past three months 40,000 Canadian students have trimmed their "energy waistlines" as part of the Classroom Energy Diet Challenge, a national energy efficiency program sponsored by Shell Canada and Canadian Geographic. Congratulations to the teachers and students from this year's winning schools:

Grand Prize Secondary: Lindsay Reynen's grade 12 class at Wallaceburg District Secondary School in Wallaceburg, ON

Grand Prize Elementary: Cheryl Kopp's grade 4 class at École Riverbend Community School in Winnipeg, MB

Most Points Prize: Andrew Foxcroft's grade 7/8 class at St. Mary's School in Huntsville, ON

Top School Prize: Duncan Cran Elementary School in Fort St. John, BC

Video Prize Elementary: Herman Chang's grade 5/6 class at Hillview School in Edmonton, AB

Video Prize Secondary: Angela Elliot's grade 11/12 class at John Paul II Catholic School in London, ON

"We're blown away by the students' creativity and resourcefulness," said Jana Masters, a Stakeholder Relations Advisor for Shell Canada. "We're also thrilled the number of classrooms participating this year has tripled. It tells us that schools see value in content about where energy comes from, how it's used and the issues we face managing our resources."

The impact of the Classroom Energy Diet Challenge was recently acknowledged with an Award of Merit from the Global, Environmental and Outdoor Education Council of the Alberta Teachers' Association. The award recognizes the program's impact on classrooms across Alberta in raising awareness about the importance of energy conservation.

"There is no better subject suited to understanding energy than geography," said André Préfontaine, President and Publisher of Canadian Geographic. "The classes that participated in the Classroom Energy Diet Challenge truly captured the essence of geographic literacy through their challenges and were able to share their learning with their communities. It is clear that they are on their way to become informed and engaged citizens."

In addition to lessening their environmental impact, the competing classrooms also had the chance to win some incredible prizes, such as one of the two grand prizes of a classroom set of iPads valued at over $5,000. The winners of an energy conservation video contest were chosen through a combination of public voting and judging by Challenge organizers.

For more information on the Classroom Energy Diet Challenge, please visit energydiet.canadiangeographic.ca or follow developments on Twitter (@CanGeoEDC) and Facebook. If you are interested in speaking with a winning classroom in your area, please see the contact information below to arrange an interview.

ENBRIDGE TO EXPAND INFRASTRUCTURE AT CHEECHAM OIL SANDS TERMINAL IN ALBERTA

Enbridge will add 900,000 bbl of storage at its Cheecham terminal in northern Alberta, the company announced on Wednesday, seeking to handle added bitumen production from the Surmont thermal oil sands expansion. The company estimated the project would cost about $300 million. It will include two new 450,000-bbl blend tanks and convert an existing tank from blend to diluent service.

Enbridge will also install receipt and distribution manifolds to facilitate transfers to Enbridge's Waupisoo pipeline and upgrade associated measurement equipment, it said.

Enbridge reached agreement on the expansion with ConocoPhillips, operator of the Surmont oil sands project.

"We're pleased to further our relationship with the ConocoPhillips Surmont partnership by delivering timely and critical terminaling and transportation services that support the continued expansion of their oil sands projects," said Stephen J. Wuori, president of liquids, pipelines and major projects for Enbridge.

"We continue to work closely with our customers to develop innovative energy infrastructure solutions that meet their current and future needs, that utilize existing infrastructure and energy corridors wherever possible, and that can be built and operated safely, reliably and with respect for communities and the environment," he added.

The new infrastructure is expected to come into service in late 2014 and early 2015.

ConocoPhillips began building the 110,000-bpd Phase 2 of the Surmont project in 2010, with first production targeted for 2015. Conoco and co-owner Total currently produce about 24,000 bpd from Phase 1.

GOVERNMENT COULD BROADEN DEFINITION OF STATE-OWNED COMPANIES

The federal government is poised to pass Investment Canada amendments that will broaden its definition of "state-owned enterprises" and could subject SOEs' acquisitions of minority stakes in Canadian companies to investment reviews to determine whether they represent a net benefit to Canada.

The measures are contained in a budget omnibus bill, tabled by Minister Jim Flaherty last week, and expected to be passed into law before the Commons recesses for the summer next month.

In a written analysis, lawyers at Osler Hoskin & Harcourt LLP say the amendments will add considerable uncertainty to the foreign investment review process for companies that have close ties to foreign governments--even if they are not state-owned--and go beyond what Ottawa promised last December when it first announced heightened foreign-investment scrutiny for state-owned enterprises.

The budget bill "introduces a new level of uncertainty into the federal government's treatment of proposed investments by SOEs which was not anticipated in December 2012," the Osler lawyers write.

Osler partner Shuli Rodal said the proposed amendments remove "safe harbor" assurances that allow foreign companies to acquire less than one-third of voting shares, or a minority interest in a trust, partnership or joint venture, without triggering Investment Canada review. Companies in the cultural sector already have to demonstrate that they are not gaining de facto control through the purchase of minority shares, and now state-owned enterprises will face that same hurdle, Ms. Rodal said in an interview.

At the same time, Ottawa is giving itself broad discretion to decide who is state controlled.

Prime Minister Stephen Harper announced late last year that Ottawa would not allow additional foreign-government investment in the oil sands, even as he allowed CNOOC Ltd.'s C$15.3 billion acquisition of Calgary-based Nexen Inc. and a C$6 billion takeover of natural gas-rich Progress Energy by Malaysia's Petronas. While insisting Ottawa welcomes investment by state-owned enterprises elsewhere in the Canadian economy, the prime minister signaled a clear preference for their acquisition of minority stakes and said Ottawa would assess whether an investment would leave the Canadian firm under the influence of a foreign government, even if it did not involve a majority interest.

Prior to the Nexen decision, the investment banking community expected a wave of new deals involving state-owned enterprises in Canada, but very few have materialized.

Many critics, including the opposition New Democrats, urged Ottawa to clarify Investment Canada rules so that potential foreign investors would know what hurdles they faced before they attempt to do business in Canada. But the December policy announcement and proposed Investment Canada amendments create more, not less, ministerial discretion and greater uncertainty.

"Until somebody tests it, we won't know for sure how it will be applied," said Paul Boothe, a University of Western Ontario business professor and former senior official at Industry Canada. "So someone who wants to do their deal and thinks they're in good shape will test this, and if it works, then we'll have a little more evidence no how this is being applied. But right now, people are going to be unsure about it."

In determining with an investment by a foreign company should be reviewed under SOE guidelines, the minister can look at whether it has minority government investment, commercial relationships with foreign governments or significant relationships with officials within government. So for example, Brazil's Vale SA is a publicly traded company but the Brazilian government exercises considerable influence and holds a "golden share," so Vale could be considered a state-owned enterprise under the new Investment Canada rules.

TECHNIP SCORES SUBSEA TIEBACK WORK FOR SOUTH WHITE ROSE

Technip was awarded by Husky Oil Operations two contracts, with a combined substantial value, for the planned subsea tieback of the South White Rose Extension field. The field is an extension of the White Rose field, located in the Jeanne d'Arc Basin, approximately 217 miles (350 kilometers) southeast of St. John's, Newfoundland and Labrador, Canada.

The first contract will be executed in 2013 and will include the supply and installation of gas injection flowlines, umbilicals and subsea structures.

The second contract will take place in 2014 and will cover the supply and installation of flowlines and subsea structures to support oil production and water injection.

Technip's operating center in St. John's will perform the management and engineering of both projects, with various materials and equipment being supplied from within the Group and local supply chain.

Knut Boe, Senior Vice President of Technip's North Sea-Canada Region, commented: "These two awards reinforce Technip's continuous involvement in Atlantic Canada's offshore oil and gas projects. They also mark a new step in the relationship between Technip and Husky Oil Operations, for whom we successfully completed the subsea production system contract for the White Rose field development in 2005."