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## KINDER MORGAN'S 2ND PIPELINE ROUTE CONCERNS SURREY RESIDENTS

Residents of Fraser Heights were asked to give soil samples by company planners

Planners for the proposed Trans Mountain Pipeline are trying to reassure residents of a Surrey, B.C., neighbourhood they don't have any plans yet to dig up their yards and lay down a crude oil pipeline.

It was about six weeks ago that land agents showed up in North Surrey, asking residents if they could take soil samples.

A short while later, residents were given maps that showed a second option for the pipeline route. The residents were told Kinder Morgan is considering an alternate route for the pipeline that would run right through their properties.

Instead of running under industrial land along the South Fraser Perimeter Road near the Fraser River, the pipeline would cut through their properties.

But the project director says the company isn't trying to pull a fast one



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on people who live in Fraser Heights. Trans Mountain Project director Greg Toth says that's just a back-up plan.

"We need to have an alternative that we can fall back onto, and that's really the exploration of the Surrey Fraser Heights."

Expanding concerns  
The alternative route proposal doesn't

just have an impact on people in Surrey.

Earlier this week the City of Burnaby sent a letter to the National Energy Board, which is reviewing the project application, saying it lacks critical details concerning the route and the emergency response plan.

Langley farmer Byron Smith says the route will cut through his farm and he's concerned because

his land is on a flood plain.

"That makes for a spill to be catastrophic. It would contaminate all of the local farmland, and that's one of the big, big concerns."

Project spokespeople will be on hand to answer questions at three upcoming public hearings on the proposal in Chilliwack, Langley and Burnaby.

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## ALBERTA FIRST NATION DROPS LAWSUIT OVER OILSANDS PROJECT: COMPANY

An oilsands developer involved in a contested project in northern Alberta says an aboriginal band has agreed to drop its lawsuit.

Athabasca Oil Corp. says the Fort McKay First Nation has agreed to remove its objections to regulatory approval of the Dover Commercial project.

The band had won the right to challenge the go-ahead granted under new provincial rules that don't allow the Alberta Energy Regulator to hear constitutional arguments.

The band argued that not being allowed to make its case before the regulator violated its aboriginal

rights enshrined in the Constitution.

The Dover project would eventually produce 250,000 barrels a day and would be operated by Brion, a joint venture between Athabasca and Phoenix Energy Holdings Ltd.

## BAYTEX ENERGY TO ACQUIRE UNDEVELOPED OILSANDS LEASES IN ALBERTA'S COLD LAKE AREA

Baytex Energy Corp. (TSX:BTE) said Tuesday it will spend \$120 million to acquire about 46 sections of undeveloped oilsands leases near its core assets in the Cold Lake area of northeast Alberta.

The Calgary-based company also said it has received regulatory approval to build and



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operate a bitumen recovery scheme using steam-assisted gravity drainage (SAGD).

It expects to proceed with a pilot project next year, followed by a commercial plant that would begin producing 5,000 barrels per day in 2016.

Baytex has also identified additional areas that are prospective for thermal development.

The acquisition adds an approved SAGD project to Baytex's assets, which includes thermal recovery projects at Seal in the Peace River oilsands and at Kerrobert in southwest Saskatchewan.

Baytex said development of the thermal recovery projects provide a source of long-life, low-decline production that will allow it to grow over the long term.

## CHANGING TIDE FOR CANADIAN NATURAL GAS

Natural gas prices have been slow to recover but the dismal past is about to change. Canadian natural gas producers are beginning to see a brighter outlook. Global changes are occurring and markets are shifting. Relying on domestic and American markets will gradually lessen within the next several years and the next decade looks optimistic.

Very significant discoveries of shale natural gas have been made in Canada and United States. Continuing exploration in the past decade verifies that the provinces of Alberta and British Columbia are sitting on the largest supplies of

shale natural gas in the world. The total reserves in Barnett, Eagle Ford, Marcellus and Utica Shales in the United States pales in comparison to that of Montney and Horn River.

Arrival of 2014 has brought unexpected developments. Natural gas prices are improving. LNG plants are being planned for construction along British Columbia's shores. Drilling in the promising Montney, Horn River and lesser known discoveries attained an unprecedented development levels. According to COADC, rig utilization in British Columbia has reached record highs in 2014.

A study, commissioned by B.C. provincial government and released last November, estimates that the province has 2,933 trillion cubic feet of recoverable natural gas in the Horn River Basin and the Montney region. British Columbia's reserves have surged to the highest level in Canada and if the study is accurate – one of the largest global natural gas reserves.

These new natural gas reserve estimates have tripled the previous evaluation in British Columbia. The province claims that there is enough natural gas to be capable of developing a viable LNG export operations for 150 years and still being capable of meeting all domestic needs.

Some of the leading global natural gas countries prior to the new British Columbia's study are US, Russia, Qatar and Australia. US Government Survey has estimated recoverable natural gas reserves



in continental United States at 2,384 trillion cubic feet, Russia at 1,688 trillion cubic feet, Qatar at 511 trillion cubic feet and Australia at 400 trillion cubic feet. British Columbia's natural gas reserves alone elevate Canada to the top.

Lower demand than expected due to several very mild winters and a glut of US stored supplies of natural slowed development of Canadian natural gas from 2009 to 2011. Drilling activity in the Montney has picked up in the past two years. COADC data reveals that there was 25% more wells drilled in 2012 than in 2011.

The start to 2014 has brought more optimism. According to COADC data, rig utilization in British Columbia and Alberta is climbing to record high levels of past decade. Interest is gathering in Horn River and is running away in the Montney.

Continental natural gas prices in the past seven years have been far from attractive for most producers. In 2012, prices sunk to unbelievable Henry Hub prices of \$1.80 per one thousand cubic feet. During the past decade, natural gas producers saw record high prices in 2005, 2006 and 2008. US demand reached record levels of 23.2 trillion cubic feet and Henry Hub prices hit \$13.68 per thousand cubic feet on July 2, 2008.

Technological advances in horizontal drilling and hydraulic fracturing led US natural gas developers to push tight shale gas to the limit. Natural gas prices from mid-2008 plummeted and reached record lows of \$1.90 in November of 2011. Canadian natural gas prices dropped even lower.

Warm weather during the winter of 2011 – 2012 saw US natural gas storage inventories reach unprecedented record high levels.

Encouraged by the Obama government policy to limit greenhouse gases, natural gas producers pushed shale gas development to the limit. Outlook was for quick and continuing changes in coal fired electric plant conversion to natural gas. Unfortunately, the recession halted most of these planned changes.

Visionary and multi-millionaire, T. Boone Pickens, had predicted that America's transportation sector would soon see a conversion to natural gas. The oil tycoon spent countless hours trying to convince the transportation industry of the merits to change fuels. Conversion costs and a lethargic economy quickly eroded the economic benefits and no changes occurred.

Low prices and a low demand had serious implications here in Canada as well. It stalled all natural gas development. Natural gas drilling came to a standstill in 2012. There was some good news which several natural gas producers knew. Alberta and British Columbia was sitting on high potential natural gas reserves which were overshadowed by a grossly underestimated US Geological survey estimates.

Unusual cold and stormy winter of 2013 – 2014 brought some hope to the natural gas industry. US stockpiles began to drop to an acceptable level and then below the five year average. American economy began

improving and most US natural gas developers switched from natural gas to shale oil development.

American problems resonated into Canada. Depressed natural gas markets pushed Canadian natural gas stalwarts like Canadian Natural Resources, Devon Energy Corporation, Encana and Penn West Exploration to face low revenues and make adjustments. Encana laid off 20% of their workers last November. Devon Energy and Penn West liquidated some of its promising natural gas assets.

Natural gas buyers, consumers and energy investors should be aware of the developments presently occurring in British Columbia. No one should assume that we will be awash in natural gas and may be headed into another glut like what had happened in the US. Lessons have been learned from that American blunder.

British Columbia's provincial government has a good grasp of the situation and development will be done at a timely and appropriate pace. Unlike her predecessors, Premier Christy Clark is about to forge a new economy for her province and drive it into prosperity.

Clark has made it into a cornerstone for her new envisioned provincial economy. It is based on developing that province's natural gas reserves and constructing the necessary infrastructure to meet Asian markets.

To date, there are a total of 10 proposed LNG projects in British Columbia. Three of these projects have already received approval from the National Energy Board

of Canada. At least five of the remaining projects are probable of a federal government approval and will receive a go ahead for construction.

Presently, Asian rim markets are being sourced. Demand and prices in that region are very strong compared to our continental markets. Canadian natural gas producers have learned an important lesson at the expense of their American counterparts. Canadian natural gas industry is truly entering a new and golden era.

## **FEDERAL GOVERNMENT REJECTS NEW PROSPERITY MINE PROJECT, WEST OF WILLIAMS LAKE**

The federal government has issued a statement saying the New Prosperity Mine project cannot proceed.

The proposed billion-dollar mine west of Williams Lake is one of Canada's largest undeveloped copper-gold projects.

Leona Aglukkaq, Minister of the Environment and Minister responsible for the Canadian Environmental Assessment Agency, said in a statement that the mine project is likely to cause significant adverse environmental effects that cannot be mitigated.

"The Government of Canada will make decisions based on the best available scientific evidence while balancing economic and environmental considerations," said Aglukkaq. "The Government will continue to make responsible resource development a priority



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and invites the submission of another proposal that addresses the Government's concerns."

Vancouver-based company Taseko's original proposal was rejected by the federal environmental minister in 2010, but the company was allowed to revamp the proposal to address concerns. It was then rejected again in September, 2012.

The business community and the Mayor of Williams Lake had shown support for this project as it would have created a lot of jobs for the region. However, the Tsilhqot'in Nation were always opposed to the project.

They were concerned about a place called Fish Lake, which is small but is considered sacred to the Tsilhqot'in Nation. The federal government has now ruled the environmental impact on that lake would be prohibitive.

The provincial government has also backed this mine from the beginning, and made new mines a focus point of its jobs plan. Shortly after the news was announced, Bill Bennett, the MLA for Kootenay East and the Minister of Energy and Mines tweeted:

Feds say no to Prosperity in BC.

"We're very disappointed here in British Columbia," Bennett told Global News. "It represented hundreds and hundreds of high paying jobs for many many decades. The Cariboo area where this mine would have been built really could use those jobs and it has a lot of support from families in that area."

"Even though we are disappointed and even though we believe that the

mine can be built without the negative environmental implications that the federal government is worried about, I do, as one politician to another, I do understand that the federal politicians would feel obligated to follow the recommendations, the advice of their federal panel, I get that. So now really it's up to the company to try to persuade, or prove, with evidence, to the federal government that in fact they can build this mine without that significant environmental harm."

Bennett said this will set the city of Williams Lake back and the people that wanted jobs close to home will be disappointed.

"What's at stake here is hundreds and hundreds of jobs that pay in the average range of \$100,000 and better," said Bennett. "It's a chance to sustain small communities in the Cariboo region that have been hurt by the pine beetle epidemic, they were really hoping that the federal government would say yes. This is a very very bitter disappointment to them."

Chief Joe Alphonse from the Tsilhqot'in Nation said as far as they were concerned this was a case of David vs. Goliath. "We felt like we were up against a monster, this is huge, this big huge company supported by every non-aboriginal politician out there," he said. "We had to believe that we could do the best we can to represent our membership, to take the high road and stick to our values."

He said they did the best they could to raise the profile of what they thought about the project and

it paid off. "Eventually people are going to see things for what they really are and the right decision was made here," he added.

"The message to industry and government representatives alike, is that if you want to move huge projects like this forward, treat us in a respectful way, come through our front doors and deal with us in a honourable manner, don't get into, don't use dirty politics."

## FIRST QUARTER DRILLING UPDATE SEES INCREASED FORECAST IN CANADA

In its first update to the 2014 Canadian Drilling Activity Forecast, the Petroleum Services Association of Canada (PSAC) increased its forecasted number of wells drilled (rig releases) across Canada for 2014 to 10,930 wells.

This is an increase of 130 wells from PSAC's original 2014 publication released in late October 2013, representing an increase of 1.2 percent.

PSAC is basing its updated 2014 forecast on average natural gas prices of \$3.50 CDN/mcf (AECO), crude oil prices of US\$95/barrel (WTI) and the Canada-U.S. Exchange rate averaging \$0.95.

On a provincial basis for 2014, PSAC estimates 6,642 wells to be drilled in Alberta, an increase of 87 wells, representing a 1.3 percent increase from the original forecast.

In Saskatchewan, PSAC expects to see 33 more wells to be drilled

in the province bringing the total number to 3,229, an increase of 1.0 percent. British Columbia is also expected to drill more wells at 560, an increase from the original estimate by 10 wells or 1.8 percent.

Manitoba is still expected to see 480 wells to be released. In terms of well type, eighty-five percent of producing wells are expected to produce oil, consistent with the past few years.

"We are adjusting our numbers slightly upward due to stronger than expected activity levels at the close of 2013, specifically in central Alberta and various regions in Saskatchewan," said Mark Salkeld, president & CEO of PSAC. "Still our forecast remains pretty constant year over year because we are seeing a continuing trend towards multi-well pads with multi-lateral and more complex completions, and we expect this trend to continue even beyond 2014 given that advances in technologies are making such wells more logistical and economical for the producers."

PSAC presents updates to their Canadian Drilling Activity Forecast quarterly with the mid-year update scheduled to be presented on April 30, 2014 in Calgary, Alberta in conjunction with its second annual Canada's Energy Blueprint Summit.

## HEARINGS SET ON ALBERTA CLIPPER OIL PIPELINE

Minnesota regulators are holding hearings across northern Minnesota this week on Enbridge Energy's

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proposal to expand the capacity of its Alberta Clipper pipeline.

Following a hearing Tuesday night in Hallock, the Public Utilities Commission has hearings set for Wednesday in Thief River Falls and Cass Lake, and Thursday in Floodwood and Duluth. The hearings will conclude with a final forum April 3 in St. Paul.

The Alberta Clipper pipeline runs from Alberta to northeastern North Dakota, then crosses northern Minnesota on its way to a terminal in Superior, Wis. An administrative law judge is taking testimony on whether the PUC should grant the company's request to increase the capacity of the pipeline by 40 per cent.

Climate change activists oppose the project because it would carry Canadian tar sands oil.

### **GOLDBORO LNG EXPORT FACILITY RECEIVES ENVIRONMENTAL ASSESSMENT APPROVAL**

Pieridae Energy (Canada) Ltd. ("Pieridae") is pleased to announce that the Honourable Randy Delorey, Minister of Environment for the Province of Nova Scotia, has issued environmental assessment (EA) approval, with conditions, for company's proposed Goldboro LNG project.

Goldboro LNG consists of a liquefied natural gas (LNG) processing plant

and facilities for the storage and export of LNG, including a marine jetty.

In a letter to Pieridae, Minister Delorey stated, "Following review of the information provided by Pieridae Energy (Canada) Ltd., and from the comments received from agencies and persons that participated in this environmental assessment review, including recommendations from the Environmental Assessment Review Panel, I have approved the above project with conditions in accordance with Section 40 of the Environment Act, S.N.S., 1994-95 and subsection 26(1) of the Environmental Assessment Regulations, N.S. Reg. 348/2008, made under the Act."

An environmental assessment review panel appointed by the Minister of Environment conducted a Class Two Environmental Assessment, the province's most rigorous form of review. The Minister of Environment accepted the panel's recommendation to approve Goldboro LNG, with certain conditions.

"We are very pleased to receive environmental assessment approval, which is an important milestone toward development of Goldboro LNG, the east coast of Canada's LNG export facility," said Alfred Sorensen, president and CEO, Pieridae. "We will continue to work closely with Nova Scotia Environment, local residents, First Nations communities and other stakeholders as we advance the project."

The EA approval for Goldboro LNG

includes conditions, several of which reflect Pieridae's commitments made through the environmental assessment process. The conditions include development of management plans related to air emissions, greenhouse gas and wetlands, establishment of a fisheries advisory committee, continued operation of a community liaison committee, and carrying out of additional studies, reports, monitoring and plans that were identified in the environmental assessment report and information request responses.

"With EA approval, we will now focus on Front End Engineering and Design (FEED)," said Mark Brown, director of project development, Pieridae. "Throughout spring and summer 2014, we will be on-site in Goldboro, NS to carry out a number of studies that will assist with understanding project specific requirements."

Goldboro LNG will produce up to 10 million metric tonnes per annum (MTPA) of LNG per year and will have on-site storage capacity of 690,000 cubic metres of LNG.

Pieridae is in advanced discussions with several natural gas producers, pipeline operators and LNG customers. In June 2013, Pieridae entered into a 20-year sales agreement with E.ON Global Commodities SE, a subsidiary of one of the world's largest investor-owned power and gas companies, to deliver approximately 5 MTPA of LNG from Goldboro LNG to E.ON.

The company has submitted

an application to the National Energy Board (NEB) to import up to 1.0 billion cubic feet per day (Bcf/d) of natural gas through the existing pipeline systems between Canada and the United States, and export up to 1.4 Bcf/d of natural gas, as LNG, from Goldboro, NS, to international markets.

Pieridae anticipates that, at its peak, the Goldboro LNG terminal will create up to 3,500 jobs during construction and 200 full-time, permanent jobs during operations. Current estimates value the capital expenditures of the project at US \$8.3 billion.

Pieridae will make their final investment decision in 2015 and, if they decide to proceed, Goldboro LNG will be operational in 2020.

### **ORYX PETROLEUM ANNOUNCES PARTICIPATION IN THE HOWARD WEIL 42ND ANNUAL ENERGY CONFERENCE IN NEW ORLEANS**

Oryx Petroleum Corporation Limited ("Oryx Petroleum" or the "Corporation") (TSX: OXC) today announces its participation in the Howard Weil 42nd Annual Energy Conference at the Roosevelt New Orleans Hotel in New Orleans, Louisiana.

Michael Ebsary, the Corporation's Chief Executive Officer will present and participate in one-on-one meetings on March the 26th.

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