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

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CANADA NEEDS NEW PIPELINES

After a seven-year delay, TransCanada Pipelines has bowed to the inevitable – almost certain rejection of the \$8-billion Keystone XL pipeline by President Obama. By suspending the application for approval, the company is retreating to fight another day, when a new U.S. administration (Republican, but it can't say that) would act on the numerous positive consequences of this important project. Unfortunately for the sponsor, the White House may ignore the suspension and make a decision prior to the end of the President's term office. Making a decision, absent an application! Do we need further proof that this energy project, perhaps the most studied in history, has become a political football?

As we have heard from the State Department, the primary U.S. regulator on this file, Keystone would foster job creation, economic growth and national security in the United States (and Canada). By avoiding rail, it would reduce GHG emissions and enhance safety in oil transportation. It would provide U.S. Gulf coast refineries of the opportunity to exploit unused capacity. Finally, it would exploit an opportunity for the U.S. to work with Canada to enhance North-

American energy independence.

In the light of the imbroglio, it is imperative that Canada focus on other ways to diversify its energy export markets, especially to Asia and Europe.

That elevates Energy East, another proposed pipeline that would deliver oil to refineries in Quebec City and St. John, New Brunswick, providing employment to thousands in regions which need to protect and create jobs.

Energy East would transport lower-cost Canadian oil to Eastern Canada and reduce imports from Saudi Arabia and North Africa. It could also present an opportunity to export oil to Europe and India. Finally, if it is not built, the alternative again is rail, which emits more GHG and can be more dangerous than a pipeline.

Keystone XL, Energy East, as well as Northern Gateway, are part of a broader strategic issue. Canada is confronting a critical challenge regarding our energy resources, with huge implications for our economy, jobs, standard of living and long-term security

As a result of the shale revolution, the United States, our sole customer for oil and gas exports, has found vast amounts of its own fossil fuels. Fortunately, other major markets are beckoning. The only thing preventing us from closing the loop and deriving

immense economic and financial benefits is quite literally our inability to deliver to an energy thirsty world.

The position of the previous Conservative government was only to approve resource projects that are safe for Canadians and safe for the environment. We made that determination through a comprehensive and objective scientific review conducted by an independent regulatory authority. If the results were positive, we believed it was time to move forward.

If we do not take advantage of our enormous good fortune in resource wealth, our resources will be stranded and our legacy lost. The consequences for this generation and future generations would be grim – not only a huge opportunity cost, but a significant diminution in our economic growth, as our energy exports shrink before our eyes. According to Wood Mackenzie, an energy research firm, \$100 billion could be lost to western Canadian oil producers over the next 15 years if no new pipelines are built.

It's not just a problem for the future. Due to distribution bottlenecks and the lack of alternative markets, we sell our oil at a significant price discount in the southern United States to the price otherwise available in North America, and an even greater discount compared to the international price.

Indeed, if we had built more pipelines, at this very moment, our economy would be billions of dollars larger, with thousands more jobs and significantly more government funds for critical priorities that Canadians need and want, including health care. Opponents can pretend all they want that is not the case. The facts however are irrefutable.

Virtually every other country blessed with natural resources, including Australia, Norway, the United Kingdom and the United States, is moving as rapidly as possible to develop its potential. Yet opponents of resource development seem indifferent that other countries enrich their economies, create jobs and raise living standards, while we watch forlornly from the sidelines, as a once-in-a-lifetime opportunity passes us by.

Canadians should not tolerate such a bleak future. Canada is a nation of winners and we should insist on being the best we can be.

LABOUR LEADER CALLS FOR LNG APPRENTICESHIPS

Let's get LNG opportunity right and make sure local people get LNG jobs.

The recent LNG in BC Conference drew hundreds of local and international delegates from around

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the world for the latest update on the BC LNG opportunity.

The far-fetched speculation of LNG development of two years ago has been tempered, largely by global energy market conditions, to something much more realistic. Some proponents have steadily moved their projects closer to final investment decisions taking into account the multitude of variables necessary to get to board approval to invest billions of dollars in B.C.

A key variable to a positive investment decision is the supply of skilled labour required to build the LNG plants and the natural gas pipelines which would feed them.

As the executive director for the BC Building Trades representing 13 international unions who have 35,000 highly skilled trades people in their memberships, make no mistake that we are enthusiastic supporters of B.C.'s LNG projects. But I do have concerns regarding the demand side for British Columbia and Canadian skilled labour.

Apprenticeship training is key to the supply and demand for skilled labour. As most of the LNG activity will happen on First Nations land in northern B.C., we believe it of paramount importance to provide First Nations' communities as well as others living in affected areas with access to apprenticeship training and employment opportunities.

As one First Nations speaker at the conference said, "Open the LNG door and let us in." The best way to keep that door open is to provide the skills training, locally if that makes

the most sense, that aboriginal people need to be full and equal participants in the LNG opportunity.

For we believe that northern British Columbians with Red Seal or journeyman level status in the skilled trades should have the first opportunity to employment when construction starts. This belief is consistent with the third term of reference Premier Clark assigned to the LNG Working Group she appointed in 2013.

That TOR directed the working group to develop a protocol which would give employment priority to local workers, including those from First Nations communities, followed by provincial and national workers before the use of any temporary foreign workers.

I appreciate the very real concern proponents have for an assured supply of skilled labour at the right time in the construction of their project, however I was somewhat confounded by what I thought to be an underlying message from some of the proponents to the delegates at the conference: they seem to want ready and available access to temporary foreign workers irrespective of the availability of skilled British Columbians and Canadians.

Perhaps as a labour leader I am overly sensitive to some of the messages, but leaving the conference I wondered whether the LNG opportunity had subtly changed for First Nations and British Columbia trades' workers.

The premier's LNG Working Group continues to grapple with what a

temporary foreign worker protocol would ultimately look like. From my perspective we in that working group must leave no doubt in the minds of proponents and the people of B.C. that local residents, including First Nations, followed by British Columbians and then workers from other provinces have priority access to employment opportunities on LNG projects.

If we cannot establish that as the employment protocol the LNG opportunity for First Nations members and British Columbia workers will wane.

British Columbians and First Nations have embraced the LNG opportunity which offers a transformational opportunity for our province. But that opportunity will only be present when we know local workers and British Columbians have first access to the employment that will come from the investments. Both the proponents and government negotiate the project development agreements.

We need to see language in those documents which will deliver jobs to British Columbians and Canadians before granting access to temporary foreign workers. Labour, industry and government need to continue working together to ensure that we "get it right" and make sure that British Columbians are first in line.

Anything short of that will only result in disappointment.

Tom Sigurdson is the executive director of BC Building Trades.

PEMBINA TO SPEND \$125M TO BUILD NEW DUVERNAY GAS PLANT

Pembina Pipeline Corp. (TSX:PPL) says it plans to build a new 100 million cubic feet per day shallow cut gas plant near its Fox Creek Terminal, about 270 kilometres northwest of Edmonton.

Pembina said Thursday that the estimated the capital cost of the Duvernay I project, including supporting infrastructure, is \$125 million.

It is expected to be in operation in the second half of 2017, subject to regulatory and environment approvals.

"In spite of uncertainty in commodity markets, Pembina's customers continue to remain committed to the development of the Western Canadian Sedimentary Basin," Stuart Taylor, senior vice-president of NGL and natural gas facilities, said in a statement announcing the project.

Pembina said the plant will have a natural gas liquids extraction capacity of approximately 5,500 barrels per day, subject to gas compositions.

Similar to the Company's other gas processing facilities, the agreement for Duvernay I is take-or-pay in nature and will provide flow-through of operating expenses.

Once complete, Pembina's gas services business will have approximately 1.6 billion cubic feet per day of gas processing capacity and will produce over 75,000 bpd of NGLs for transportation through the company's conventional pipelines.



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