



The Round-Up: January 24th 2007

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[ASPO Canada: Schreyer leads new oil, gas study group](#)

FORMER Manitoba Premier Ed Schreyer is leading a new organization that will educate, and warn, Canadians about dwindling petroleum reserves and global warming. Schreyer and a distinguished panel of opinion leaders have formed the Canadian chapter of the Association for the Study of Peak Oil and Gas (ASPO), a global network that is studying both the state of oil reserves and the impact that oil and gas have on the environment.

Schreyer noted that 10 OECD countries have already established APSO chapters, and are in their own ways educating the broader public about the fact that oil and natural gas reserves are very likely more than half exhausted.

Information on Peak Oil can be found at [ASPO Canada](#)

[PM announces \\$1.5B plan for alternative energies](#)

Prime Minister Stephen Harper continued to paint himself in a green light on Friday with the announcement of a \$1.5-billion plan into funding renewable energy initiatives.

"There is no end to the potential of alternative, non-polluting energy sources," Harper said in the community of Metchosin just outside Victoria, where he was joined by Environment Minister John Baird and Natural Resources Minister Gary Lunn.

Harper said the initiative will "harness the power of our environment to help protect the environment for all Canadians."

The first component of \$1.48 billion of the so-called ecoEnergy Renewable Initiative is designed to increase supplies of clean electricity from renewable sources like wind, biomass, small hydro and ocean energy.

A 10-year incentive program will be established to fund eligible projects to be constructed over the next four years.

['Green' homes to get rebate](#)

The federal Conservatives yesterday dangled the promise of \$5,000 rebates for energy-efficient home renovations but critics say low-income homeowners have been left in the cold.

Natural Resources Minister Gary Lunn announced the program yesterday at the Metro Home Show in Toronto, saying Canadians can apply for grants of up to \$5,000 to make homes and businesses more energy efficient as part of a \$300 million program.

All Canadians "regardless of their income will be eligible and the size of their grant will depend on how much they can realize in gains in becoming more energy efficient," Lunn told a press conference.

Details of the program, such as how to apply, are not being released until April.

But Lunn said big-ticket items like new windows, insulation, furnaces and energy-efficient appliances would all be eligible under the program. And he added measures as simple as installing a programmable thermostat would also make a huge difference.

The plan calls for homeowners and small business to first pay for an energy audit and the retrofit before applying for the rebate.

[Home energy plan to omit expert audits](#)

The Conservative government is turning away from funding expert evaluations of energy efficiency in Canadian households as it introduces a renovation program for homeowners tomorrow that will look remarkably similar to the Liberal plan it cancelled last year, CanWest News Service has learned.

Natural Resources Minister Gary Lunn is scheduled to unveil details of the four-year plan at the Metro Home Show in Toronto. The ecoEnergy Retrofit Program is the third and final announcement by Mr. Lunn, following a week of energy initiatives that were designed to replace hundreds of millions of dollars worth of climate change programs that were frozen or eliminated by the Conservative government without a comprehensive review.

[Mackenzie Proponents, NWT Government Sign Socio-Economic Deal](#)

Imperial Oil Resources Ventures Limited, on behalf of the Mackenzie Gas Project co-venturers, announced Monday that the project coventurers have signed a comprehensive Socio-Economic Agreement (SEA) with the Government of the Northwest Territories.

The agreement outlines a broad range of socio-economic topics, with agreement between the parties in a number of specific areas related to the proposed project. These areas include training and employment, business opportunities, wellbeing, sustainable development, net effects on government, and ongoing monitoring of the proposed project, both during construction and operation. The agreement outlines commitments in specific areas including employment requirements and policies, hiring and procurement priorities for NWT and Aboriginal people, oil and gas training, transportation and infrastructure impacts, cultural preservation, safety and security, access to gas, and a monitoring advisory board (society) for the life of the project.

[Alberta premier says upcoming royalty review to focus on oilsands sector](#)

An upcoming review on energy royalties will focus only on the burgeoning oilsands sector to make sure Alberta is getting "optimal economic benefits" from the multibillion-dollar projects, Premier Ed Stelmach said Thursday.

Stelmach said oilsands will be the focus of the upcoming review - expected to start early next month - because he thinks Albertans are satisfied with what they're getting from conventional oil and gas business.

[Record drilling year for Alberta's oil patch](#)

Last year was one for the record books in Alberta's oil patch.

The Canadian Association of Oilwell Drilling Contractors says just over 22,000 wells were punched in 2006.

Spokesman Don Herring says the association is expecting slightly fewer wells - about 19,000 - to be drilled this year.

But he says that's still a significant number.

"It was only three or four years ago, or five years ago, when we drilled 10,000 and thought it was a fantastic year, so drilling 19,000 is a very strong year," Herring said.

[U.S. Oil Industry Urge Canadian Oilsands Execs to Step It Up](#)

Canadian executives were urged to massively step up oilsands production to five million barrels of oil per day in a relatively short period of time by their counterparts in the U.S., according to documents obtained by the CBC.

Executives from U.S. oil multinationals and Canadian oilsands producers met for two days in Houston, Texas, in the days following the election of Conservative Prime Minister Stephen Harper's government last year, the broadcaster reported Wednesday.

They recommended a five-fold increase in oilsands production fairly quickly, according to minutes of the meeting obtained by CBC.

Oilsands production output was 1.1 million barrels per day in 2005, according to the National Energy Board. It is currently projected to provide between three million and 3.5 million barrels per day by 2015.

Canada exports much of its oil to the United States. However, increasing production to five million barrels per day would be enough to satisfy a quarter of U.S. consumption and almost half its total imports.

However, such a massive production increase would require new refineries and pipelines to transport the crude from the Alberta oilsands as far as California and Texas,

according to the document.

[Oilsands projection of 5 million barrels a day part of 2030 forecast: official](#)

It may be possible for exports from Alberta's oilsands to reach five million barrels a day, a five-fold increase from current levels, but only in the long-term and after a massive investment of money and labour, industry sources said Thursday.

They were responding to a Radio-Canada report that said American and Canadian oil executives met in Houston in January 2006 and discussed ramping up daily oilsands production from the current 1.1 million barrels in a "short time span."

The report has raised the spectre that Canada is being pressured to dramatically increase production to meet the energy needs of the United States, regardless of the environmental consequences - a concern that's been dismissed by political and industry sources.

"There's not political pressure, but there's market pressure depending on what happens to commodity prices," said Greg Stringham of the Canadian Association of Petroleum Producers. However, he said it will take many years to before the oilsands could produce five million barrels per day.

"If labour is readily available, we could be at four million barrels a day by 2020," said Stringham.

[U.S. dreams of five-fold jump in oilsands output](#)

Talks between the U.S. and Canadian governments to quintuple oilsands production came as no surprise to corporate Calgary.

The big question is how a lofty goal of five million barrels per day (bpd) could be accomplished given Alberta's already overheated market, industry observers said Thursday.

"It just shows that oil is a strategic resource and energy security is a major priority," said Vince Lauerma, an international oil analyst who heads the Calgary-based consultancy Geopolitics Central Inc.

"It's not surprising that our government is being pressured to ramp up production as quickly as possible."

[Dion unaware of Liberal plan to expand oilsands](#)

Federal Liberal Leader Stephane Dion says he knew nothing about a plan to massively expand production in the Alberta oilsands to meet the demand in the U.S., even though discussions on speeding up the regulatory review process were launched by former prime minister Paul Martin when Dion was the environment minister.

The plan - made public by a joint committee of government experts from Natural

Resources Canada and the U.S. Department of Energy who met in Houston, Texas Jan. 23-24, 2006, before Prime Minister Stephen Harper's Conservative government was sworn in - encouraged decision makers "to streamline the regulatory approval process," with a "one-stop-shop" for project proposals and facilitate a "fivefold" expansion of oil production in Alberta from one million to five million barrels a day.

The committee was set up under the Security and Prosperity Partnership between Canada, the U.S. and Mexico, which scheduled the talks several months earlier.

[Conservatives won't put oilsands production into hyper-drive for U.S.](#)

The Conservatives have no intention of "streamlining" environmental assessment to hasten oilsands development, said PMO spokesman Dmitri Soudas.

"Canada's natural resources will be developed but that will not be done at the expense of the environment," said Soudas.

[Tories scramble to play green game](#)

The Tories have launched the first act in a weeklong play to gain the upper hand on the environment and ward off opposition parties plotting their strategy before the House of Commons returns.

Natural Resources Minister Gary Lunn yesterday said a \$238 million green science fund, to be distributed over four years, will help pay for the research and development of technologies such as clean coal, hydrogen fuel cells and nuclear energy.

The government's new three-pronged strategy also includes cleaning up existing energy sources, like the oil sands and Ontario's coal-fired generators, and boosting energy efficiency in homes, he said.

"We need to focus on where the potential gains can be made and direct our energies there," said Lunn, adding that the new strategy will put a sharper focus on efforts to cut emissions.

"We must not just become an energy superpower. We must become a clean energy superpower."

[Coal plants put Canada in risk of missing another environmental commitment](#)

Canada may fall short of meeting another international environmental commitment with the U.S. because of the Ontario government's failure to close down the province's coal-fired power plants as promised.

According to Environment Canada documents obtained by Sun Media, the province's plan to reduce smog-causing NOx emissions from its four-remaining coal plants was pivotal in reaching the annual targets of an Ozone Annex signed with the U.S. in 2000.

The notes state that Ontario does not expect to meet the emissions cap for fossil fuel

plants 2007 (the inaugural year of the limits) without purchasing credits from other emitters.

[Clean Coal is Not Clean](#)

Proponents of Integrated Gasification Combined Cycle (IGCC) technology like that Duke and Vectren desire to use at Edwardsport, Indiana, loudly proclaim that IGCC is the answer to global warming since the technology makes it easier to capture carbon dioxide. Once captured, their pitch is that it can be "sequestered" for thousands of years in deep geological formations. Out of sight, out of mind....

...Three areas of concern have emerged in recent studies.

1. CO₂ injected near earthquake faults like the region of SW Indiana which is in the New Madrid fault zone, may actually increase the potential for earthquakes due to CO₂'s ability to lubricate geologic plates, making it easier for them to move when subjected to pressure from beneath the earth's surface.
2. Injection of CO₂ can ultimately damage groundwater used for drinking by a chemical conversion when the CO₂ is injected causing an increase in acidity which leaches dangerous chemicals like metals out of the formation. Those contaminants often find their way to groundwater. Such a chemical conversion could render entire aquifers unusable as drinking water which people depend upon.
3. Huge financial and energy investment in sequestration. Most of the debate about IGCC has evolved around whether it is possible to convert coal to a synthesis gas in a manner that can be used to generate electricity more cleanly than conventional technology called pulverized coal. The real reason utilities are seeking to build these plants is to capture enormous federal and state taxpayer funded subsidies. For instance, Duke and Vectren were recently awarded more than \$133 million in federal tax credits to build their costly and dirty plant.

[\\$1.5B proposal would tap rich seams for synthetic gas](#)

The coal-mining proposal, by the Carbon Development Partnership of Sherritt International Corp. and the Ontario Teachers Pension Plan, calls for digging up 312 square kilometres of rich seams near Tofield, Ryley and Round Hill.

The strip mine would support up to four "gasification" plants to be built over 40 years. They would sell synthetic gas as a raw material for petrochemical plants and as fuel for oilsands production and bitumen upgrading.

"That's one of the key projects that could tie together elements all the way from coal to hydrogen and petrochemical development," Fergusson said in an interview.

Energy Minister Mel Knight, in his first speech since Premier Ed Stelmach appointed his cabinet in mid-December, affirmed that the government's priorities include value-added resource processing.

"Alberta cannot be satisfied with the status quo," said Knight.

High proportions of the province's resources are exported in unprocessed form, he said.

Upgrader projects in the Edmonton area will convert most oilsands output into premium light oil, but the province also wants to see further processing of bitumen into refined products and petrochemicals, he said.

[Fodder for the feds?](#)

The feds are getting ready to launch their changes to the equalization program, and judging by the number of federal trial balloons floating around out there, it's possible those changes could be quite damaging for this province. Anything that makes Williams look unreasonable is something the federal camp will be happy to latch onto. It's one way to cut him out of the herd of the other premiers, and to discount whatever he says as being just more proof of stubbornness.

[Don't forget home base, Williams to tell Fort McMurray expats](#)

Premier Danny Williams will follow in the footsteps of many Newfoundlanders and Labradorians this week, with a visit to the Alberta oilsands that have drawn thousands of his former constituents.

Williams will visit Fort McMurray later this week and will host an open reception Saturday aimed - in part - at telling expatriates that they may be able to return home soon.

[Calvert, Williams joining forces in Saskatoon](#)

Saskatchewan Premier Lorne Calvert and Newfoundland and Labrador Premier Danny Williams are joining forces in Saskatoon Tuesday to air their concerns about the federal equalization program.

Ottawa is looking at changing the program that makes payments to so-called have-not provinces.

One of their big concerns is that any new equalization formula would factor non-renewable resources into the calculations.

In Saskatchewan's case, surging oil and gas revenues mean the province will get nothing from equalization in the next fiscal year.

Newfoundland and Labrador, which has a special deal exempting those revenues from the formula, is scheduled to receive at least \$477 million.

[Energy trusts cut into distributions](#)

Canadian energy trusts are slashing distributions to unit holders because of falling oil

and gas prices and uncertainty in the capital markets over the federal tax changes for income trusts.

[More cuts to energy trust distributions](#)

Distribution cuts by energy trusts Monday and Friday will cost investors about \$23-million in lost monthly payouts.

BlackWatch Energy Services Trust and TerraVest Income Fund announced distribution cuts Monday, joining Precision Drilling Trust, Enterra Energy Trust and Advantage Energy Income Fund, which announced cuts on Friday.

Energy trusts are being hit by lower oil and natural gas prices, whether it is cutting cash flow from the production of the commodity or dampening demand for rigs, as is the case with Precision Drilling.

Scotia Capital calculated that many energy trusts are spending more on drilling and distributions than they are expected to take in in cash flow this year.

[Finance refuses to divulge key trust data](#)

Federal Finance Minister Jim Flaherty's department has refused to release details of how it calculated that income trusts are costing Ottawa hundreds of millions of dollars in annual tax revenue, a key claim used to justify the new trust levy.

A Calgary trust analyst who filed a request under Canada's Access to Information Act for this information received 13 pages from the Finance Department that appear to detail the calculations it used, but these are all heavily blacked out so that only row and column labels remain visible.

BMO Nesbitt Burns analyst Gordon Tait describes another 12 less heavily censored pages that Finance sent him — details of trust distributions — as information that's already readily available to the public.

Finance justified its censorship using a section of the Access to Information Act that allows it to withhold data dangerous to Canada's economic interests.

[B.C.'s trail of destruction](#)

"It was unbelievable," Mr. Brand said, recalling the Dec. 11 storm. "We had trees coming down everywhere. The sea was like a giant washing machine. . . . I think the problem was not just the wind, but the gusts. It went from 60 knots to 100 knots in a microsecond."

One hundred knots equals 185.3 kilometres an hour. At over 115 kph, hurricane devastation occurs.

The lighthouse wasn't damaged, but when Mr. Brand and his wife, Katherine, went out the next day to inspect the landscape, they were shocked to find some trees had simply

vanished.

[PM to boost funding for tidal power](#)

Prime Minister Stephen Harper will visit Race Rocks off Metchosin today to announce a major federal investment into alternative energy technology.

His visit to Victoria is seen as part of a new strategy to convince Canadians he's serious about environmental issues, and his stop at Race Rocks Ecological Reserve will highlight Tory support for a tidal-powered project there.

Yesterday, the Conservatives promised \$2 million to help restore Vancouver's windstorm-ravaged Stanley Park.

[PEI: Brown renews call for electricity rebates](#)

Brown is upset that despite assurances from the government that power rates would not be seeing big increases, Maritime Electric announced a seven per cent hike for residential customers on Wednesday.

"Last year in the legislature, the comments were basically, 'No, rates won't be going up.' And now we see them heading up," said Brown.

A new energy supply contract with NB Power is the reason for the increase, Maritime Electric said.

The utility said higher world energy costs led to higher rates that it will be paying to NB Power.

"You know, for a minister or for the premier, \$7 may not be a lot of money a month," said Brown. "But for a lot of families and residents in my district, it is a lot of money.

Liberal energy critic Richard Brown is calling again for the government to provide rebates on electricity costs for low-income Islanders.

[Power rate deal bad for N.S.: environmental group](#)

Nova Scotia's largest environmental group opposes a deal to tie future power rates directly to fuel costs.

The Ecology Action Centre says instead of charging ratepayers more to cover the rising cost of fossil fuel, Nova Scotia Power should invest more in renewable energy.

"There's not much of an incentive for Nova Scotia Power to get off fossil fuels," said Brendan Haley, the group's energy co-ordinator.

Haley said the group is opposed to market pricing, which would keep power rates from going up another nine per cent this April, because consumers will pay too high a price in the future.

Nova Scotia Power has agreed to ask for less money from its customers, but the deal is conditional on introducing a fuel adjustment mechanism. As the price of oil or coal to produce electricity goes up, so will power rates.

"The only way to stop the cycle of madness is to use less fossil fuels in the first place," said Haley.

[Are Quebecers as 'green' as they think?](#)

The Rupert River, the last pristine, unspoiled major waterway in Quebec, carves its way through the boreal forest to the southern end of James Bay, a frothing, raging behemoth that for decades has been eyed by Hydro-Quebec engineers.

And depending on your point of view, the Rupert is either about to be harnessed for the greater good of Quebecers or pillaged beyond repair in the name of increasing the utility's prospects for selling excess capacity to the United States.

Sporadic, vocal protests from native communities and environmental activists notwithstanding, the province's announcement earlier this month that it will break ground on a massive hydroelectric project that will divert the Rupert's path has prompted little public outcry and only token political opposition.

The case of the Rupert illustrates one of the lesser-known quirks of the Quebec mindset: denizens of the province that considers itself the greenest jurisdiction in Canada are resolutely committed to the Kyoto protocol on reducing greenhouse gas productions and are fiercely resistant to "dirty" energy sources, but they are perfectly tolerant of hydroelectric megaprojects that risk upsetting fragile northern ecosystems.

[PM warned against largesse for Quebec](#)

Prime Minister Stephen Harper will "suffer the consequences" if he favours Quebec over other provinces by boosting its share of the equalization pie while slashing payments to other regions, an Ontario cabinet minister warned yesterday.

And government officials in Atlantic Canada said the loss of federal dollars to their coffers could force them to cut program spending or raise taxes.

Many provincial leaders fear that Mr. Harper will resolve the thorny question of how to divide Ottawa's riches by pleasing Quebec Premier Jean Charest because that would offer the surest way of solidifying a Conservative breakthrough in the next federal election.

Their fears were confirmed when the provinces received a letter this week from federal Finance Minister Jim Flaherty saying Quebec will see its equalization payments soar by nearly \$1-billion to \$6.46-billion in 2007-2008. At the same time, the other five provinces that receive equalization payments will see a significant reduction.

[Pemex: Oil output slumps to six-year low](#)

Crude oil production at state oil monopoly Petróleos Mexicanos, or Pemex, fell 6 percent to 2.98 million barrels a day in December from 3.16 million barrels daily in November, the company reported Monday....

...With output at Cantarell expected to fall by an average of 14 percent a year between now and 2015, Pemex is hoping to replace that production with oil from other projects.



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