



The Round-Up: June 8th 2007

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[Drilling jobs scene bleak](#)

Thousands of rig hands in Western Canada are waiting for callbacks from their drilling-company employers, but industry observers say the high Canadian dollar and a crash in the royalty trust and junior part of the oilpatch mean they could be idle for a long time.

While the drilling industry, which for years worked to build up its labour pool, is reluctant to talk in terms of outright layoffs because of the seasonal nature of its work, it's expected there will be almost 3,500 fewer roughneck positions this summer relative to last year, as the number of active rigs drops to 376, from 512 in 2006.

[Newfoundland throws down gauntlet on energy](#)

The government of Newfoundland and Labrador will demand an equity stake of at least 5 per cent in all future offshore oil and gas developments, and will plow that money into a new energy company that will embark on exploration and development projects of its own.

Natural Resources Minister Kathy Dunderdale said from St. John's yesterday that the practice is followed in much of the world, where state corporations are major players in the development of their natural resources.

[The Globe on bridge building](#)

The equity position demand is more like 10%, not five. The government has stated - and as the Globe reported on Tuesday - that the equity demand in the forthcoming energy plan will be more than 5%.

More importantly, though, there appears to be a fundamental disagreement between industry and government over what shape the equity takes. That point is found only in the last paragraph of the story: the oil companies would expect that a state-owned enterprise would farm in, that is, buy in and take the risks everyone else takes.

That's essentially what occurs in some other places, like Norway, where the government's oil and gas company Statoil operates in the private sector like all the other

companies in the business. Statoil, now merged with Norsk Hydro, has been able to expand its operations outside Norway and works globally with private sector companies and other state-owned oil and gas enterprises.

The alternative - the one that appears to be government's intention - is to add the equity position onto government's royalty regime. That's where the problem starts and it is at the core of why the Hebron deal failed.

[Energy plan as political plan](#)

All things considered, it gets fairly obvious that the Great Battle Against the Foreign Demons of 2007 isn't really the same battle of 25 years ago.

What we are talking about today are fairly fine shifts of cash that look tiny. However, those fine adjustments of cash may tip the very sensitive investment balance against exploration investment in the local oil patch for some period of time.

If the equity demand will be applied to every new development, as the Globe reports, then we may also see impacts on existing significant discoveries. Hebron is already off the table until sometime in the next decade. Hibernia South: ditto.

[Welcome to Atlantica](#)

Touted by its proponents as the solution to Atlantic Canada's economic woes, Atlantica is a concept that is being pushed by big business and is receiving serious consideration by some government officials. On the surface the idea of fostering closer economic partnerships between Atlantic Canada, Eastern Quebec, Maine, New Hampshire, Vermont and Upstate New York sounds great. You would be hard pressed to find anyone in Atlantic Canada who did not agree that as Central Canada has continued to prosper Atlantic Canada has suffered greatly. What is troubling is the groups talk of policy alignments between nations. They also give a great deal of attention to some parts of Atlantic Canada while others are barely mentioned.

Adding to the level of concern are the people involved in creating the plan. The concept of an Atlantic trading zone, or Atlantica, is being promoted by the Atlantic Institute for Market Studies (AIMS) and supported by representatives from major corporations like the Bank of Montreal, Bangor Hydro and Irving. The plan would make the Eastern seaboard a much more "business friendly" environment in which to live. The question is, what does "business friendly" really mean and since only business interests have played a part in the planning, (no trade unions, civil rights groups or members of the general public have been involved) that question is a valid one.

Most people in Atlantic Canada would love to improve the region's trade relations and see industrial growth, but without any input from the public this group is already lobbying government officials in an effort to move their personal vision for the future forward.

[Region's energy policy: Divide, conquer](#)

It always sounds nice, but the brilliant idea of Atlantic co-operation on energy issues, most recently brought forward by New Brunswick Energy Minister Jack Keir, is marred by past history and present-day politics.

Back in the day when the Maritimes & Northeast pipeline project was proposed as a means of bringing natural gas from Nova Scotia's offshore to markets in New England, the New Brunswick government fought tooth and nail at regulatory hearings to get everything it could from the project.

First it fought for and won the postage stamp toll on the line. That meant consumers closest to the Sable project wouldn't get any preferential deal on the gas simply because the transmission costs would be lower.

Winning the postage stamp toll is a keep to the New Brunswick energy strategy of today. Otherwise, if energy was cheap in Nova Scotia where the natural gas came ashore, it would be attractive to various industries interested in using the clean-burning fuel.

[The Baker Lake Uranium Rush](#)

The Current, CBC Radio, June 6th (scroll down for Part 3)

The small community of Baker Lake in Nunavut is, on the surface, a small arctic hamlet and home to 1500 people. But west of the hamlet, beneath the frozen tundra, sits an estimated 45 million kilogram deposit of uranium ore.

And this week, Baker Lake is being inundated by scientists, mining representatives and government officials who are meeting to learn more about whether this Inuit community should ok the opening a Uranium mine and tap what looks to be a multi-billion dollar vein. In principle Baker Lake and a few nearby counties want to go ahead, but they also need more information.

We'll hear from a nearby First Nations community in the North West Territories, which turned down a similar uranium mine and has a vested interest in seeing Baker Lake do the same.

But first, to tell us more about this historic summit is Marija Dumancic. She's a CBC reporter who's covering the summit in Baker Lake this week, she's been flying in and out and we reached at her home in nearby Rankin Inlet.

[Taming the Tempest: An alternative development strategy for Alberta \(PDF warning\)](#)

There is no question the bulk of this boom is being driven by fossil fuels and specifically investment in the province's tar sands - over \$100 billion of the \$169 billion in projects slated for development is for the tar sands alone. The desirability of this level of private investment is not being questioned by the Alberta government; it is being seen as an end in itself. However, investment is not a goal; it should be considered a tool to be harnessed towards achieving social goals.

[Fire cuts production at Imperial Oil refinery](#)

Imperial Oil Ltd. said on Monday it cannot yet determine when repairs to its 190,000 barrel a day Strathcona refinery near Edmonton, Alberta, will be completed, following a weekend fire in a crude oil processing unit.

Imperial said the refinery is operating at a reduced rate following the blaze, using feedstock already in inventory, although a company spokesman could not specify how much was being produced.

The weekend fire was the latest in a series of difficulties for Imperial oil refineries. A February fire at the company's Nanticoke refinery in Ontario sparked gasoline shortages and the company is still repairing its Sarnia, Ontario, refinery after a fire in December.

[Enbridge, Exxon forge link to Texas refineries](#)

"Exxon Mobil has said to us it makes no sense to ship crude away from this continent," said Steven Paget, an analyst at FirstEnergy Capital in Calgary.

"This continent needs more oil than it produces - it should not be shipping crude overseas."

[Push for geothermal juice picks up steam](#)

There's good reason one of the nation's most promising renewable energies is the industry's best-kept secret: It's buried miles under the surface of the Earth. Yet geothermal energy, which taps the Earth's natural heat to generate electricity, is making a big comeback after a decade-long lull. And a recent MIT-led report says geothermal could supply at least 10% of U.S. power by 2050, rivaling nuclear and hydropower, if afforded a \$1 billion research investment over the next 15 years.

That's because unlike wind and solar energy both geographically spotty and intermittent sources geothermal resources theoretically can supply a near-constant underground cauldron of energy almost anywhere. It can even be harnessed in the heart of East Coast cities if developers can find ways to drill deep enough at low cost.

But the industry faces several hurdles, including a Bush administration proposal to ax funding for geothermal research based on a view that the technology is mature.

[Quebec to become first province to introduce carbon tax](#)

Natural Resources Minister Claude Bechard, who announced Wednesday that a 0.8-cent-a-litre carbon tax will come into force on Oct 1, added that he hopes the oil companies, which are reporting record profits, would absorb the tax and not pass it on to the consumer. Oil industry spokespeople were unavailable for comment late Wednesday afternoon.

The tax, Bechard said, is based on the "polluter pays" principle. "That is not negotiable,"

the minister said.

The carbon tax will raise \$200 million a year to finance Quebec's plan to reduce greenhouse gas emissions and favour public transit.

Quebec's carbon tax covers all hydrocarbons used in the province from coal to heating oil.

The amount of the carbon tax varies according to the amount of carbon dioxide each fuel produces.

[Support strong for carbon tax – in theory](#)

In its pure form, the tax is based on the carbon in coal, oil, natural gas and other fossil fuels. If it's high enough, it sends a clear price signal: All fossil fuels get more expensive. Coal, with the most carbon, takes the biggest hit. Natural gas, the cleanest, goes up the least.

The expected result: Consumers shift from coal and oil to natural gas, or, even better, from fossil fuels to non-polluting alternatives.

"It's a very effective and efficient way to achieve changes in behaviour," says Amy Taylor of the Pembina Institute, a Calgary-based research and advocacy group.

But that quality is a main reason the tax raises so many hackles – it creates winners and losers.

In several recent polls, modest majorities of respondents said they back a carbon tax. But asked about specifics, such as higher gasoline prices, most say "No."

[Lives lost to heat, air pollution worth \\$1.6-billion: report](#)

The toxic mix of heat and pollution will become much deadlier and costlier as the climate changes, according to a federal report that warns of billion-dollar economic losses in Toronto, Montreal, Ottawa and Windsor.

The number of premature deaths in the four cities linked to dirty air and sweltering heat now sits at more than 2,500 a year, a death toll the report says could climb by up to 30% by 2050 and 45% by the 2080s.

Annually, the average elevated mortality linked with air pollution and extreme temperatures is 1,082 in Montreal, 1,047 in Toronto, 463 in Ottawa, and 327 in Windsor. Of these, the average number of premature deaths associated with hot weather was 121, 120, 41, and 37 respectively, and with air pollution was 818, 822, 368, and 258.

[Suzuki fears sharp criticism of Ottawa prompts audits](#)

David Suzuki is Canada's most outspoken environmentalist, and regularly lambastes

those, such as Prime Minister Stephen Harper, whom he deems insufficiently green.

But he's worried that shooting from the lips too often about federal politicians may have made his namesake environmental charity, the David Suzuki Foundation, the target of vindictive federal tax auditors. It's such a touchy subject that Mr. Suzuki has become nervous when he gives speeches that Ottawa might hold anything he says as a citizen against his environmental group.

"I am being hounded by the current government because I have a foundation that has my name and so they're trying to take away my charitable [status]," he said in a speech on Monday in Toronto at a conference of the American Public Transportation Association.

He told the transit trade group he had to preface his speech with a tax-auditor-satisfying caveat. "Everything I say is my personal opinion, has nothing to do with my foundation."

Many of Canada's large environmental groups are also federally recognized charities, and worry that aggressive criticism of government policies might lead to tax-audit retribution, but Mr. Suzuki is one of the few to raise such concerns publicly.

[Global warming is shrinking the Great Lakes](#)

For residents of this lakeside Minnesota city, located more than 3000 kilometres by boat from the open Atlantic, the transformation is disturbing. Lake Superior, the largest body of fresh water in the world by surface area, is experiencing its lowest water levels since the record set in 1926. The lake is down by 34 centimetres from a year ago, and more than half a metre below its long-term mean. At least part of the drop can be attributed to a multi-year drought that has been particularly severe since 2006. More troubling, however, is evidence that global warming is driving a long-term shrinkage of this massive natural reservoir.

A rapidly warming lake is the key to understanding the change, says Jay Austin, a limnologist at the University of Minnesota Duluth's Large Lakes Observatory. Earlier this year he reported that Superior's surface waters had warmed by about 2.5 °C since 1979 - far more than average air temperatures in the region during the same period (Geophysical Research Letters, vol 34, p L06604). Austin's findings link the warming to a reduction in winter ice cover on the lake. The less ice is present to reflect sunlight, the more solar energy the lake can absorb. On average, the onset of summer warming of the lake is happening half a day earlier each year. The reduced ice cover also contributes to shrinkage by allowing more evaporation. "Most of the evaporation goes on in winter," Austin says, as cold, dry air swoops over the warmer lake. Without the ice cap to block evaporation, water losses increase.

[Thunder? That's the sound of Greenland melting](#)

Atop Greenland's Suicide Cliff, from where old Inuit women used to hurl themselves when they felt they had become a burden to their community, a crack and a thud like thunder pierce the air.

"We don't have thunder here. But I know it from movies," says Ilulissat nurse

Vilhelmina Nathanielsen, who hiked with us through the melting snow. "It's the ice cracking inside the icebergs. If we're lucky we might see one break apart."

It's too early in the year to see icebergs crumple regularly but the sound is a reminder.

As politicians squabble over how to act on climate change, Greenland's ice cap is melting, and faster than scientists had thought possible.

[In Antarctica, proof that action on climate change is more urgent than ever](#)

Scientists believe that the accelerated movement of glaciers in the Antarctic Peninsula indicates a dramatic shift in the way melting ice around the world contributes to overall increases in global sea levels.

Instead of simply adding huge volumes of meltwater to the sea, scientists have found rising temperatures are causing glaciers as far apart as Alaska, Greenland and now Antarctica to break up and slip into the ocean at a faster rate than expected.

The findings will raise concerns within the UN's Intergovernmental Panel on Climate Change (IPCC) which, earlier this year, downplayed the so-called "dynamic" nature of melting glaciers - when rising temperatures cause them to break up quickly rather than simply melt slowly.

[EU: Carbon trade scheme 'is failing'](#)

The EU's carbon trading scheme has increased electricity bills, given a windfall to power companies and failed to cut greenhouse gases, it is claimed.

An investigation by BBC Radio 4's File on 4 programme has found that after two and half years the scheme has yet to cut in carbon dioxide emissions.

[The Bored Whore of Kyoto](#)

Carbon trading is basically a loophole -- a "flexible mechanism" in Kyoto-speak -- that allows developed nations continue with business as usual while claiming to address the climate crisis. Because most industrialized Kyoto signatories won't sacrifice short-term economic growth to cut emissions at home -- best accomplished by mandatory absolute cuts accompanied by a draconian carbon tax -- Kyoto lets them instead make efficiency investments in places like Russia and China, where it's cheaper to reduce CO₂ and where there's plenty of low-hanging fruit. How many tons of CO₂ countries save abroad equals how many carbon credits they get toward meeting their own national targets. Targets that they are in reality missing, in some cases by a wide margin.

The idea is similar to the one behind the trendy personal "carbon offset" industry, but transferred to the international level. Just as Brad Pitt and Al Gore can invest in some reforestation project in Tamil Nadu and then declare themselves "carbon neutral" without changing their carbon-intensive lives, so too can France invest in Russia and claim Kyoto success without cutting its domestic CO₂ output. Critics of personal offsets

and Kyoto's credit scheme have compared them to the medieval Church practice of selling Indulgences to sinners. It's a good analogy. Kyoto's carbon-trading game allows signatory nations to think they're going to heaven while we continue slouching toward likely global warming hell.

[Gwynne Dyer: Don't Mention the Warming](#)

It's not surprising that rapidly industrializing countries like China, India, Brazil and Mexico are reluctant to accept formal limits on their emissions. After generations of poverty they can at last see prosperity on the horizon, and they are terrified of doing anything that might damage their current high growth rates. But the stance of some rich countries on climate change is harder to explain.

The United States and Australia have long been the principal delinquents, but Japan, a Kyoto signatory whose own emissions are under control, is now the Bush administration's main instrument for sabotaging the Kyoto accord. While most other members want to agree by next year on a new treaty to replace the current accord when it expires in 2012, Japan is insisting that nothing more must be done until big polluters like the U.S., China and India are brought into the system.

If we had world enough and time, it would make sense to wait for everybody to climb on board, but time is not on our side. Merkel's target of no more than two degrees hotter is already dangerously high, since that would mean falls of 12-25 per cent in food production in most of the main food-producing areas of the world. There is not enough reserve food production available in the world to cover that shortfall: millions of people would starve.

Stopping at two degrees hotter means stopping at between 450 and 550 parts per million of carbon dioxide in the atmosphere, depending on whose figures you believe. We are already at 385 ppm, and we are now going up at four ppm per year, so deep cuts in current emissions are needed very soon.

[G8 leaders make green deal](#)

The goal is to agree to cut greenhouse gas emissions in half by 2050, Merkel said, hailing the decision as a "huge success." She said it came after many rounds of talks and negotiations on climate change.

But the declaration falls short of an ironclad commitment, saying only that the world's biggest greenhouse gas emitters should "seriously consider" following the European Union, Canada and Japan in seeking to halve their output by 2050.

[Is Big Business Buying Out the Environmental Movement?](#)

In the business world these days, it appears that just about everything is for sale. Multi-billion-dollar deals are commonplace, and even venerable institutions such as the Wall Street Journal find themselves put into play. Yet companies are not the only things being acquired. This may turn out to be the year that big business bought a substantial

part of the environmental movement.

That's one way of interpreting the remarkable level of cooperation that is emerging between some prominent environmental groups and some of the world's largest corporations. What was once an arena of fierce antagonism has become a veritable love fest as companies profess to be going green and get lavishly honored for doing so.

[Help save the rainforest - buy it](#)

The launch of Cool Earth coincides with the German Chancellor proposing "avoided deforestation" as a tool for tackling climate change but the idea of paying owners something for nothing has proved controversial, as has the issue of foreigners invading national sovereignty for countries such as Brazil.

Mr Field's solution, backed by the major charity, Fauna and Flora International, is based on previous successful initiatives in Brazil and Ecuador. He said: "This is to enable people to do something today to protect forests that also provides local employment."

The new charity aims to hold land in trust with local people, such as rubber tappers, who would farm the forest for its natural produce. Deforestation would be prohibited under covenants or management agreements.

Donors pay 70 an acre to protect forest from logging and 90 an acre to protect forest from cattle ranching.

[Top brains join ranks to battle the beetle](#)

FP Innovations formed in April as a non-profit merger of industry technical institutes in Quebec and British Columbia with pedigrees dating back to 1915, an annual budget of \$100 million and about 600 employees. A Natural Resources Canada wood fibre research agency is also participating.

The new agency's president, Ian de La Roche, identified the tiny but tree-deadly beetle as potentially a national plague, now that the infestation has broken out of B.C. and crossed the Rocky Mountains into Alberta as a result of global warming.

Wood from trees killed by the insect is dry and stained blue. Lumber yield is reduced. Paper quality is hurt, forcing manufacturers to discount prices or make heavy expenditures on bleaching away the stain.

The beetle affects all stages of making wood products, McDougall said.

[Can a gasoline boycott work?](#)

An email chain urging consumers not to buy gas from Petro-Canada this summer might appeal to drivers furious over high pump prices and record oil company profits, but experts say the proposed boycotts are disingenuous and don't work.

The web-based campaign calls for drivers to stop purchasing any gasoline from Petro-

Canada as of June 1st. The idea, it says, is to force the company to cut its prices, which will trigger a corresponding reaction among other oil companies.

[The damage of the dollar glut](#)

To make a long story short: The process was started by money printing in America to bail out the last bubble.

That induced money printing in much of the world because so many countries had linked their currencies to the dollar. More importantly, the very regions that were primed to grow -- think Asia, India and the Middle East -- exploded, in no small part, thanks to money printing. Thus, America's housing boom kept our economy growing. Growth in the other parts of the world I just mentioned, together with the attendant commodities boom, conspired to create the worldwide growth (and inflation) that we have experienced.

A lot of what's transpired has been a function of absurdly low interest rates, given the level of inflation around the world, and the collapse in risk premiums, aided by ratings-agency alchemy, which has allowed debt -- from moderately risky to total garbage -- to be spun into high-quality credit structures. In other words, the debt markets have acted as unindicted co-conspirators in the frenzy.

[Need Good Credit? Borrow Mine!](#)

The idea behind piggybacking is elegantly simple. By adding someone as an authorized user on your credit card, you essentially give him access to your good credit. Obviously, you wouldn't want to let a stranger actually use your credit card to make charges. Yet according to the companies offering the service, you don't have to. No one will get your full credit card number or be able to order a duplicate card.

The surprising thing about piggybacking is how quickly it works. Once the credit card company makes its regular report to the credit reporting agencies, you can remove the person with bad credit from your credit card. Yet because of the way credit reports work, the positive history will remain on the piggybacker's credit report. In some cases, this can improve your credit score by hundreds of points, potentially saving you thousands of dollars on mortgages or other loans.

As you might expect, businesses that depend on accurate credit information are taking steps to prevent people from inflating their credit scores artificially. Fair Isaac (NYSE: FIC - News) will no longer consider authorized user accounts in determining FICO scores, the most commonly used credit score. Until these changes take effect, however, lenders will have to look more closely at credit reports and applications to ensure that they're getting full compensation for their risk. Otherwise, they face the same dangers that have brought subprime lenders like New Century, Novastar Financial, and Accredited Home Lenders to their knees.

[Outsourcing Your Life](#)

Offshore outsourcing has transformed the way U.S. companies do business. Now, some

early adopters are figuring out how to tap overseas workers for personal tasks. They're turning to a vast talent pool in India, China, Bangladesh and elsewhere for jobs ranging from landscape architecture to kitchen remodeling and math tutoring. They're also outsourcing some surprisingly small jobs, including getting a dress designed, creating address labels for wedding invitations or finding a good deal on a hotel room, for example.

Such "personal offshoring" is still new and represents a tiny fraction of the more than \$20 billion overseas outsourcing industry. But management consultants and economists say it's likely to evolve into a larger niche as offshore workers identify the opportunities. Thanks to instant messaging, computer scanners and email attachments, any work that doesn't require meeting in person has the potential to be done overseas.

The approach relies on the same model that drives corporate outsourcing: labor arbitrage, or benefiting from the wage differential between U.S. workers and those in developing countries. In the U.S., tutoring services charge \$40 to \$60 an hour for math help. Some skilled tutors in India are paid \$2 to \$3 an hour. In India, \$20 is enough to buy a week's groceries for two people.

[Why Cuba Is Exporting Health Care to the U.S.](#)

Cubans say they offer health care to the world's poor because they have big hearts. But what do they get in return?

They live longer than almost anyone in Latin America. Far fewer babies die. Almost everyone has been vaccinated, and such scourges of the poor as parasites, TB, malaria, even HIV/AIDS are rare or non-existent. Anyone can see a doctor, at low cost, right in the neighborhood.

The Cuban health care system is producing a population that is as healthy as those of the world's wealthiest countries at a fraction of the cost. And now Cuba has begun exporting its system to under-served communities around the world -- including the United States.

The story of Cuba's health care ambitions is largely hidden from the people of the United States, where politics left over from the Cold War maintain an embargo on information and understanding. But it is increasingly well-known in the poorest communities of Latin America, the Caribbean, and parts of Africa where Cuban and Cuban-trained doctors are practicing.

In the words of Dr. Paul Farmer, Cuba is showing that "you can introduce the notion of a right to health care and wipe out the diseases of poverty."

[UK warns of investing in Russia](#)

Officially, the British government warns companies seeking to do business in Russia that the "challenges of market entry should not be underestimated". But a government source said that of late the UK sought "to give balanced advice and on an evidential basis.

"There is more evidence now of the various different risks," the source said, adding:

"It's important to keep this in perspective – there are still massive rewards."

The Kremlin's most recent assaults on energy companies have involved UK interests – Royal Dutch Shell's controlling stake in the \$20bn (£10bn) Sakhalin-2 project in Russia's far east and the licence held by BP's Russian venture for the huge Kovykta gas field in Siberia.

TNK-BP looks almost certain to lose its licence to develop the \$18bn Kovykta field by the end of this month, although the company is hoping to negotiate a deal with Gazprom.

[Brazil eyes ethanol as fast track to power](#)

Last year, Brazil surpassed the US as the largest exporter of soybeans. That followed its scoring the No. 1 spot in beef exports in 2004. And now, as the high price of oil and concerns over climate change spark global demand for alternative fuels, Brazil is aiming to double its production of sugarcane for ethanol in the next decade. As investors flock to this colossal country with its ideal growing climate, Brazil is hoping ethanol will help speed its sluggish rise as an economic power.

"Brazil has already consolidated its position as the agriculture supplier of the world," says Andre Nassar, general manager of the Institute for International Trade Negotiations (ICONE) in São Paulo, Brazil. "Now I think the Brazilian government sees ethanol as an instrument to make other countries pay attention to us, as a supplier of both food and energy."



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