

Oilpatch rejects fight with greens

Refuses to react to ad offensive

BY SHAUN POLCZER, CALGARY HERALD FEBRUARY 19, 2009



It takes about 4,000 workers to operate Syncrude's Mildred Lake plant north of Fort McMurray. It is the largest oilsands crude oil production facility in the world.

Photograph by: Chris Schwarz, Edmonton Journal

Calgary's energy patch is refusing to get into a war of words with environmental groups over "dirty oil" ahead of U. S. President Barack Obama's first visit to Canada today.

The newly elected head of Canada's largest and most important trading partner will make his first visit to a foreign capital, where energy and economic issues are expected to dominate talks with federal officials.

A coalition of Canadian and American environmental groups is mobilizing ahead of the visit by taking out full-page ads in major national newspapers such as USA Today calling oilsands "the dirtiest oil on Earth" and accusing Prime Minister Stephen Harper and the Alberta government of "turning a blind eye" to greenhouse gas emissions and other forms of pollution linked to the largest oil reserves outside Saudi Arabia.

But Travis Davies, a spokesman for the Canadian Association of Petroleum Producers, denied suggestions his group will make any special lobbying efforts or place ads in Canadian newspapers on behalf of the petroleum industry when Obama arrives in Ottawa.

"This isn't an advertising battle as far as we're concerned," he said. "This is not a tete-a-tete for us."

Although he expects energy and climate issues will be on the agenda when the two leaders meet, oil industry representatives won't have a seat at the table.

"I assume energy will be high on the list of things to talk about because you can't separate the economy from energy."

On Wednesday, an American ethical "green" fund put Chevron Corp. and Calgary-based Canadian Natural Resources on a climate watch list ahead of Obama's meeting with Harper.

The investors also targeted ConocoPhillips for its involvement in the Canadian oilsands projects, filing a resolution asking the company to report on environmental damage from its operations in northeast Alberta. Harper has indicated he wants oilsands exempted from Section 526 of the U. S. energy bill, which prohibits federal agencies from purchasing any transportation fuel whose lifecycle greenhouse gas emissions exceed those of conventional petroleum sources. Investors filing the resolutions noted that oilsands production emits three times the global warming emissions as conventional oil extraction and refining.

The Ethical Funds Co. said it filed a resolution with Canadian Natural in 2007 requesting it disclose its climate risks, but the company has not responded. In addition, it has refused to meet with investors on the issue of climate change and is the only oil company opposing the recommendations of the Alberta government's cumulative environmental management association multi-stakeholder process.

"Extracting oil from tarsands is a dead end on the road to a clean energy future, and a risky venture for investors," said Mindy Lubber, president of Ceres, a coalition of investors and environmental groups. "Investors have a message for President Obama on the eve of his visit to Canada: please do not forsake long-term prosperity and long-term shareholder value for short-term energy independence."

Although critics have urged the president to limit imports of "dirty" fuels, Obama struck a conciliatory tone in an interview with the CBC Tuesday when he said the U. S. is willing to work with Canada to develop ways of reducing environmental impacts of oilsands development.

"If we don't, then we're going to have a ceiling at some point in terms of our ability to expand our economies and maintain the standard of living that's so important, particularly when you've got countries like China and India that are obviously interested in catching up," the president said.

In Edmonton, Alberta's environment minister said he was encouraged by Obama's stance. The Alberta government has committed \$2 billion to develop technologies such as carbon capture and sequestration to address issues like climate change.

"I was very, very pleased to hear the comments President Obama made last night," Rob Renner told reporters. "I think they're very much in keeping with what we've been saying in Alberta."

But Matthew Bromley, a climate change director with the Pembina Institute based in Ottawa, warned industry representatives not to get complacent with Obama's comments and suggested Canada is "slipping behind the U. S. very badly" with respect to climate change policies.

"I think obviously the president needed to use diplomatic language," he said. "But I think the message is clear that climate change and energy has been identified as something that's on the agenda. Canada is going to have to massively scale up its seriousness for us to be in a position to have something to offer."

On Tuesday James Hansen, director of NASA's Goddard Institute for Space Studies in New York City, told Reuters that Canada's oilsands are an environmental "wild card," and described Obama's visit to Ottawa as "a really important meeting" to address environmental issues with oilsands development.

"If we burn all the conventional fuels -- oil, gas and coal--we would be heading the planet to eventually an ice-free state," Hansen said.

"This unconventional fossil fuel is a total wild card on top of that. You just can't do it, that's what politicians and international leaders have got to understand. You can't exploit tar shale and tarsands without pushing things way beyond the limit. They're just too carbon intensive."

But Kurt Neubauer, president and founder of Houston-based Planet Resource Recovery Inc., thinks he has a magic bullet for solving the environmental problems of the oilsands. Using a proprietary chemical catalyst, he claims to be able to recover 99 per cent of the oil from sand without any greenhouse gas emissions.

Although he says it's too early to tell if he supports Obama's energy policies, Neubauer agrees that energy security includes producing oil and gas in an environmentally secure way.

"We're at the right place at the right time," he said. "For the people who have vision, it's a business opportunity. We can do this, and we can do this at the speed of business."

The Alberta Oilsands - Canada ranks second in terms of global proven crude oil reserves (15 per cent of world reserves), after Saudi Arabia's 173 billion barrels. - Oilsands production of more than 1.2 million barrels a day accounts for approximately 42 per cent of Canada's total crude output. - Alberta's oilsands underlie 140,200 square kilometres of primarily Northern Alberta; an area larger than the state of Florida. - It takes about two tonnes of oilsand to produce a barrel of oil. - Oilsands producers move enough overburden and oilsands every two days to fill Toronto's Rogers Centre or New York's Yankee Stadium.

Source: Alberta Energy Department

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