



REPORT

Tar Sands Oil Boom Drives Push for A Northern Pipeline

The rapid development of Alberta's tar sands has spawned a new proposal for a 731-mile pipeline that would transport oil to the British Columbia coast. The project is strongly opposed by conservationists and First Nations leaders, who fear the environmental risks it would bring.

BY ED STRUZIJK

The Great Bear Rainforest is a 27,000-square-mile wilderness that stretches from southern British Columbia to the Alaska border. One of the last undisturbed temperate rainforests in the world, it is home to cougars, wolves, wolverine, grizzly bears, and the iconic Kermode, a unique subspecies of black bear with a recessive gene that is responsible for its fur being white.

The rainforest is far from the sprawling oil sands mines of Alberta. But if the Canadian government, the Alberta government, and the Canadian oil and pipeline company, Enbridge Inc., have their way, vast amounts of tar sands oil will one day be coursing through a 731-mile pipeline to a shipping terminal in the Great Bear Rainforest. There, giant tankers will transport the oil through British Columbia's clean, frigid coastal waters to China and other parts of Asia.



Mark Ralston/AFP/Getty Images
A tar sands extraction facility near the town of Fort McMurray, Alberta.

The proposed \$5.5 billion pipeline has stirred up widespread opposition from First Nations leaders, scientists, and conservationists, all concerned that the project would threaten hundreds of waterways — including rivers filled with salmon — and could lead to an oil spill on the scale of the 1989 Exxon Valdez disaster. Critics also contend that the Northern Gateway pipeline — like [the proposed Keystone XL pipeline](#) that would transport oil from Alberta's tar sands across the United States to Texas refineries — would encourage a major expansion of the oil sands development, leading to massive emissions of greenhouse gases.

Given the broad-based opposition to the Northern Gateway pipeline, various experts have been predicting the demise of the project. Those who are counting Northern Gateway out, however, could be in for a surprise. Experts say that Alberta's oil sands development is growing so fast that neither the tar sands industry, nor the Canadian and Alberta governments, can afford to see the Northern Gateway and Keystone XL pipelines fail.

“The pipeline capacity story is complex, but it is clear that Keystone XL and Enbridge Northern Gateway are critical to support the proposed level of expansion industry wants,” says Simon Dyer, policy director of the Alberta-based [Pembina Institute](#), a think tank that tracks energy and environmental developments.

Such assessments are borne out by the statistics. As of November 2011, the 101 oil sands projects in Alberta were producing about 1.3 million barrels of oil a day. Once new projects come on stream, production will increase to 3.5 million barrels a day in 2020 and 5 million barrels a day in 2030, oil industry executives say. All that oil needs a place to go, and that means continuing pressure to construct major pipeline projects.

“There will have to be Pacific tidewater access in order to avoid a shutdown in western Canadian oil production,” says University of Calgary resource economist Robert L. Mansell. In addition to the projected boom in tar sands production, the Western Canadian Sedimentary Basin of conventional oil production — centered in Alberta — is growing significantly, Mansell says. “There are plans to significantly increase shipments via tank cars to the coast, and based on experience in the U.S. this alternative looks to be viable, but clearly not as economic or efficient as pipeline transport,” Mansell says.

The forces behind the Northern Gateway pipeline are formidable, notably the Canadian government.

Opposition to the project has spread beyond the First Nations and environmental communities, with some prominent Canadian business

people speaking out. “Having now seen it up close, I don’t get it,” John Honderich, chairman of the board of the company that owns the *Toronto Star*, the largest newspaper in Canada, wrote [in a commentary that appeared in the paper in October](#). “It seems like sheer folly.”

Tex Enemark, the former CEO of the Mining Association of British Columbia, [wrote recently](#) in a guest editorial in the *Prince George Citizen*: “The Enbridge pipeline is now a dead man walking.”

But the forces arrayed in favor of the Northern Gateway pipeline are formidable, most notably the federal government run by Prime Minister Stephen Harper of the Conservative Party. Since being re-elected in 2011 with its first majority, the Harper government [has been doing everything it can to expedite resource development](#). It has watered down environmental legislation and suppressed scientific

‘When a spill happens, the one absolute is it will impact our way of life,’ a First Nations leader says.

research that chronicles [the environmental toll](#) taken by Alberta’s tar sands development.

The Harper government realizes that new markets are required for a coming glut of tar sands oil, especially if the

United States comes anywhere near to being energy self-sufficient by 2035, [as the International Energy Agency recently predicted](#). Canada currently supplies the U.S. with about 2.4 million barrels of oil per day, or 29 percent of its net oil imports.

Without new markets for tar sands oil, the Canadian government would pay a steep price. The tar sands industry directly employs more than 150,000 people. According to the Canadian Energy Research Institute (CERI), the tar sands [will generate \\$444 billion in tax revenue across Canada over the next 25 years](#), with 70 percent of that going to the Canadian government. The latest report by the Conference Board of Canada, an independent think tank, forecasts the tar sands [to generate \\$364 billion of economic activity over the next two decades](#), and another 880,000 person-years of employment.

Canada’s finance minister, Jim Flaherty, signaled the government’s dependence on oil revenues in his annual fall economic update. Revenues, he reported in mid-November, are down and the deficit is up sharply, due, in large part, to an 18-percent drop in oil prices since March.

The Harper government knows that if the Northern Gateway project moves forward, it would portend dramatic growth for the Canadian petroleum industry, linking Canadian oil supplies with new markets outside of North America, according to a report done by CERI. “If the project does not proceed, there will be no certainties concerning future oil sands projects or attendant crude transportation infrastructure,” [the report said](#).

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Enbridge
The Northern Gateway pipeline would extend 731 miles across Alberta and British Columbia.

Canada’s National Energy Board has formed a review panel to weigh the benefits and costs of the Northern Gateway pipeline. That review is due by the end of 2013, and if the National Energy Board concludes that the project is economically viable and environmentally safe, the federal government would have the final say on the project. Mansell says that Enbridge is working hard to assuage environmental concerns. “In general, I am not aware of any other pipeline in the world that could match Northern Gateway’s technology and investments to minimize environmental impacts,” he says.

“Yes, I think Gateway will get built...” Enbridge CEO Al Monaco [told *Alberta Oil magazine*](#) last month. “We have a huge strategic advantage in this country. We have the [world’s] second-largest [oil] reserve base in the oil sands; we have the skills, the business acumen, the capital and the technology to get those reserves out of the ground. And we have access on the West Coast... This is such a great asset that the country needs to pursue it.”

Opposition to the pipeline has been intense. Many First Nations bands have spoken out against the project, saying its course through British Columbia’s wilderness would threaten numerous salmon-filled waterways, including those in the Fraser River watershed. Among the opponents are the Haisla people, who live near the pipeline’s terminus in Kitimat, at the head of the Douglas Channel.

“The one guarantee I can see is that when a spill happens the one absolute is that it will impact our way of life,” Haisla chief councillor Ellis Ross told the *Vancouver Sun*. “And everybody will be arguing about whose responsibility it is and who is going to pay for it. And after that decision is made, they will probably take it to court. That will last 20 years and the settlement will probably be half of what

was proposed. So it's not that I don't trust the people at Enbridge. I just don't trust corporations period."

In July, British Columbia Premier Christy Clark laid down a number of conditions for her province's approval of the project, including

Given budget cuts, experts say, Canada's agencies can not provide meaningful oversight of the pipeline.

completion of a thorough environmental review and Enbridge's commitment to "world-leading" spill prevention and response systems. British Columbia also is asking for a sizeable share of profits from the pipeline, which Alberta has opposed. British Columbia maintains that it is being asked to

bear the brunt of the environmental risks without sharing significantly in the profits.

Environmental groups have raised concerns about human error, mudslides, an earthquake, or a spill from a supertanker that could be as catastrophic as the Exxon Valdez disaster that polluted Alaska's Prince William Sound. They also point to a 2010 spill along an Enbridge pipeline in Michigan that dumped 22,500 barrels of crude oil into the Kalamazoo River system.

One of the more prominent critics of the Northern Gateway pipeline is University of Alberta freshwater scientist David Schindler. He put oil sands monitoring in the spotlight with studies demonstrating that environmental sampling wasn't being done in critical areas and that contamination in and around the tar sands is far worse than government and industry claim.

"We already have two pipelines to the coast," Schindler says. "Building another through yet another wilderness corridor is only going to make the situation in northern Alberta worse, while making vulnerable a pristine wilderness on the coast."

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Given sharp budget cuts, Schindler contends that neither Environment Canada nor the Department of Fisheries and Oceans is up to the challenge of exercising meaningful oversight of the Northern Gateway pipeline. Even the Canadian Association of Petroleum Producers, Schindler points out, recommends that the current monitoring program, which is dominated by industry and government agencies, should be wound down in favor of a more appropriate oversight body.

Dyer of the Pembina Institute questions how effective environmental monitoring can be given the rapid expansion of oil sands production in Alberta.

"The problem is, of course, that this level of production will have unacceptable impacts," says Dyer. "In addition to the climate issue, already approved production is predicted to exceed Alberta's air quality standards by 200 percent for nitrous oxide, and planned development will result in regional losses of 40 to 60 percent of wildlife habitat for some species. The commitment to monitoring rings a bit hollow when Alberta and Canada have already approved three times the level of [current] oil sands production."

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Canadian author and photographer **Ed Struzik** has been writing on the Arctic for three decades. In previous articles for *Yale Environment 360*, he has written about [a potential uranium mining boom in Nunavut](#) and about [a controversial plan to kill wolves](#) in Alberta.

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