

Oilsands-to-B.C. pipeline to go ahead

Enbridge defends controversial project as 'important for Canada'

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Enbridge Inc. is plowing ahead with a controversial pipeline from Alberta's oilsands to the inside passage port of Kitimat, B.C., chief executive Pat Daniel said Wednesday.

The \$5.5-billion Northern Gateway project faces heated opposition from aboriginal and environmental groups because of the possibility of a spill on land or sea — concerns that have deepened as bands of sticky oil approach the U.S. Gulf of Mexico coastline following a deepsea-rig explosion.

Enbridge came up with the concept to open new markets for Canadian crude and reduce the country's dependence on trade with the United States, Daniel said at the company's annual meeting.

"We're doing it because it's important for Canada, for our economy, for our energy security and for our nation's role as a significant player on the world stage," he said.

The key driver for the 525,000-barrel-per-day pipeline is to open new markets for producers by 2016, rather than increase pipeline capacity, Daniel said.

Northern Gateway is being backstopped by a \$100-million commitment from undisclosed producers and refiners, primarily

from the Asia Pacific region.

Daniel said the company was filing an official application with the National Energy Board this month after almost a decade of planning, false starts and initial community consultations. He anticipates two years of hearings and three years of construction, for an in-service date of 2016.

Analysts caution that backlash from the Gulf of Mexico spill could affect not only Enbridge's plans but the whole industry.

Already politicians have called for stringent rules to be enforced on drilling off Canada's East and West Coasts.

The blow-up in the Gulf could drag out hearings on the Northern Gateway pipeline for up to a year, but likely wouldn't kill the project, said Bob Schulz, director of the petroleum land management department at the Haskayne School of Business.

"To me the issue on this in terms of safety ... is an issue of the age and condition of tankers," Schulz said. "If they use old, single-hulled tanker, and there's a typhoon and the tanker breaks up, that's a higher probability (for a spill) than a double-hulled tanker that's newer."

Schulz said the biggest challenge to the project is gaining access to non-treaty First Nations lands that stretch along more than half of the pipeline route.

Representatives of several dozen aboriginal bands in B.C. said that without their consent, the 1,172-km project was dead.

"We are the people ... who have title and rights to say what the land will be used for," said John Ridsdale, a Wet'suwet'en hereditary chief from northwest B.C., following the annual meeting.

"This would be a detriment to the environment, to the people, to our culture, to our waters, to our land. So yes, we are not going to allow it."

Enbridge faces risks in litigation and to its reputation, added Eric Swanson of Dogwood Initiative out of Victoria, B.C.

"They're not even in the regulatory process now and already they're becoming the bad guys, and there is material risk associated with that," Swanson said.

Enbridge announced Wednesday adjusted first quarter earnings rose to \$318 million, or 86 cents per share, up 19 per cent from \$268 million last year. The amount excludes a \$329-million after-tax gain reaped on the sale of Enbridge's interest in the Orensa pipeline in Colombia during the first quarter of 2009.

The adjusted result beat the average analyst forecast of 79 cents, according to Thomson Reuters.

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