

# Huge Gas Plant Approved Despite Emissions Spike

*It will boost BC's carbon output three per cent, but cap-and-trade can offset, says Premier.*

By [Greg Amos](#),  
3 Feb 2010,  
TheTyee.ca

A mammoth shale gas processing plant is lumbering ahead in northeastern B.C., but a proposal to implement carbon capture and storage (CCS) at the site appears dead in its tracks.

The province's effort to curb greenhouse gas emissions is on course to suffer a 2.17 megatonne-per-year setback, after an environmental assessment (EA) certificate was approved for the \$800-million Cabin Gas Plant last Thursday (Jan. 28). The green light to the EnCana-led project signals the onset of a shale gas boom in the million-acre Horn River Basin north of Fort Nelson.

Despite the scale of development, the carbon-intensive activity around natural gas is "actually a bridging technology that allows us to move to the new cleaner energies," Premier Gordon Campbell explained. He and Energy Minister Blair Lekstrom were in Tumbler Ridge on Sunday, January 31, during the Olympic torch's day-long visit to the oil and gas-friendly Peace River region. "It helps us in B.C., but it helps the whole Western corridor substantially," added Campbell.

EnCana's EA application indicates that when operating at full processing capacity of 800 million cubic feet per day, the plant would produce 2.17 million tonnes of greenhouse gases per year -- equivalent to a 3.27 per cent increase to B.C. emissions since 2006. That emissions increase doesn't square with the province's mandate to cut emissions by 33 per cent below 2007 levels by ten years from now. Without CCS in place, the interim reduction target of six per cent below 2007 levels by 2012 becomes significantly harder to meet.

"We have not moved off of our targets," said Campbell. "These are always challenging decisions to make; the important thing is there's nothing that's changed about our goals to reduce our greenhouse gases. Yes, this puts additional pressure in other areas, but it generates potentially some real benefits for the Western economies, not just in British Columbia but all over North America."

## Venting gas the only option: EnCana

The mostly-uninhabited Horn River Basin covers a vast corner of northeastern B.C., beginning 40 kilometres north of Fort Nelson and stretching up to the Northwest Territories, and has anywhere from 250 trillion to 1,000 trillion cubic feet (Tcf) of gas in place, making it one of the top shale gas reserves in North America. It's also become a huge economic driver for the province: in 2008, more than 41 per cent of the record \$2.66 billion in oil and gas rights revenue earned by the province came from Horn River Basin bids.

With CCS in place, the plant's total emissions at full production levels could drop 73 per cent to 594,000 tonnes of greenhouse gases per year. It's an argument the Pembina Institute made during the application's public comment period in July 2009. EnCana's [response letter](#) the following

month said the meeting that level of emissions control “would effect an undue burden on new development.”

“The only current economically and technically viable plan is to vent the process carbon dioxide in accordance with existing regulations,” wrote EnCana environment regulatory and external relations lead Darcy Janko last August. The CCS option began sliding off the table as far back as April 2009, when a public consultation cast doubt on the possibility of CCS, as [first reported](#) in The Tyee.

While EnCana and the EA office agree that emissions from the plant are a significant environmental impact, Pembina’s suggestions on expanding the scope of the assessment to include upstream and end-user emissions were rejected.

“The conclusion was that ‘yes, there’s a significant effect, but let’s go ahead and do it anyways’,” said Matt Horne, Pembina’s director for B.C. energy solutions. “EnCana’s working within the regulations that are there for the province -- in this case, there’s a significant impact, but there aren’t the regulations to stop it.”

### **‘Strengthen carbon tax’ to apply to plant: Pembina**

After the province’s EA office gave the [green light](#) to the application on Dec. 14, 2009, Lekstrom and Environment Minister Barry Penner used most of their allotted 45-day consideration period before approving the application. The EA process allows for a project’s downstream greenhouse gas emissions to be considered within the scope of an assessment, but didn’t in this case, said Lekstrom.

“Sometimes when people look and say ‘maybe it isn’t as in depth as it should be’, I’m not sure they know the full capacity of what this office does,” Lekstrom said. “If I can get the questions answered that I need, and I have a comfort level based on all the information and the due diligence that’s been completed, that’s when I sign.”

The Cabin plant’s EA certificate dictates the plant’s emissions will come under the Western Climate Initiative (WCI) cap-and-trade program set to begin 2012, but it’s mute on any CCS requirements. Coal-fired power plants in B.C. require a commitment to zero-emissions technology before a permit can be issued, and a similar requirement for gas processing plants would be a good step, said Horne.

“I don’t think it’s responsible to approve that project on the hope that there’s a solution down the road. I think we need those policies in place before going forward with the project,” said Horne. “We could wait for the Western Climate Initiative, but an easier fix that B.C. could take immediately would be strengthening the carbon tax to include those emissions.”

But questions remain as to whether the BC Liberal government will commit to incurring extra costs on an industry that’s largely been lured to the province through [generous subsidies and corporate breaks on royalties](#).

### **Carbon sequestration working in other plants**

While EnCana, Campbell, and Lekstrom each emphasize the Cabin Gas Plant will be “capture-ready” should CCS prove cheaper in the future, Spectra Energy is already planning to retrofit their Fort Nelson gas plant (an emitter of 2 million tonnes of carbon dioxide each year) with a CCS

system. Other Spectra gas plants in B.C. have been reducing emissions with CCS for nearly 20 years.

Until EnCana's [split](#) last September into two separate entities (EnCana GasCo and Cenovus Energy), the company's reply to emissions concerns has been to point out the much-heralded Weyburn Enhanced Oil Recovery (EOR) plant in Saskatchewan. That facility [sequesters roughly the same amount](#) of annual emissions that would be produced at the fully-operational Cabin Gas Plant. But the carbon sequestration carried out at the tired oilfields of Weyburn is undermined by the resultant squeezing of more oil from dormant wells, ultimately producing as much downstream emissions as what was initially locked away.

EnCana has emphasized the Cabin Gas Plant could "contribute to a net overall reduction in GHG emissions on a continental scale", due to the "probable replacements in downstream markets of higher carbon fuels by some component of the natural gas deliveries from the project."

### **Fort Nelson Chief opposed**

It's an argument that likely won't hold water with Fort Nelson First Nation (FNFN) chief Kathie Dickie, who panned the plant in a Dec. 2009 Vancouver Sun [opinion piece](#) and was among the first to criticize the EA approval.

"The premier has made some really flowery statements about protecting the environment and cutting greenhouse gas emissions, as well as respecting aboriginal rights and title, and the decision being made as it is just flies in the face of all that," Dickie told Energeticity.com.

The carbon dioxide implications get larger when considering the end uses of the gas. The initial volumes of gas produced daily at the plant would add up to 7.9 million tonnes of emissions each year when combusted. At full production, that downstream emissions rise to nearly 16 million tonnes -- nearly 25 per cent of B.C. emissions, based on a 2007 baseline. Much of the gas will be exported to the United States.

The plant is being proposed by an EnCana-led consortium of several companies, collectively called the [Horn River Basin Shale Gas Producers Group](#) (HRPG).

If the plant receives regulatory permits from the Oil and Gas Commission as expected, construction could begin in spring 2010. 🍌

[Greg Amos](#) is a staff reporter for the [Tumbler Ridge News](#) and an occasional contributor to The Tyee.

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## **MORE - PUBLIC COMMENTS**

## COMMENTS

Fiat lux

03-02-2010

*Oh, goodie !!! Financial*

Oh, goodie !!!

Financial games will prevent pollution !!!!

What do these people have for brains, or even common decency ?

Yes, I know. Let's have some nukes instead for wealth creation and super safety .

Ed Deak.

Frank

03-02-2010

*Is anyone surprised?*

So much for the carbon tax's "price signal" effect.

Campbell thinks more emissions will help the economy so a large corporation get's their regulatory approval as they always do.

Too bad the little guy can't decide what's best for them in the same manner.

Fiat lux

03-02-2010

*The little guy could have*

The little guy could have great influence if he or she would take the time to look into the issues and vote accordingly, instead of following the "leaders" with awe.

Here again, if we had some real economists who'd understand real economics, instead of burying themselves into monetary idiocies, the world might have a chance. But not a hpe in hell under the guidance of the present miseducated, warped bunch of priests of the Money God.

Ed Deak.

Gary

03-02-2010

*Pay down the debt*

It seems very strange that 15 hours after Alex Tsakumis breaks the story of the liberal party debt at 6.5 million that this type of buffoonery takes place.

It would be very interesting to see how much the party gets for allowing this to happen.

It's time to take to the streets folks.

Oops! Sorry. we won't be allowed to do that for the next six months. Seems that Campbell is doing this with the Owelympic storm troopers in town.

To Hell with it. Lets walk.

Grania  
03-02-2010

*Fight this*

This needs massive protest and sabotage. Can we have information on exactly where this Crime will be initiated? Where do we send donations to the underground resistance to EnCana?

freebear  
03-02-2010

*No Surprise,*

shows what a joke the climate change 'commitments' are!

Thanks Pembina, Suzuki and Berman!

Meanwhile the provincial vision is more of the same cloaked in a green facade!

freebear  
03-02-2010

*Photo Caption Contest*

Sieg Heil!

DPL  
03-02-2010

*Gordo will have to go into*

Gordo will have to go into withdrawal when the circus is over and his staff have to hold him down to remove his red mittens( made in China) scarf( made in China ) and God only knows what other circus regalia he wears. The man is a liability to this province and will sell anything he can and without a concern for the taxpayers who end up footing the bills

W Laurier  
03-02-2010

*Editor*

"This needs massive protest and sabotage"

I do not believe the Tyee should be a forum for those advocating violence.

freebear  
03-02-2010

And a pie in the face is a terrorist act, eh Wilfred!

Don't worry Wilfred, I am sure CSIS will be looking into it!

Freebear  
03-02-2010

I wonder what the, still at large, pipeline bomber in NOrtheast BC thinks of all this?

Fiat lux

03-02-2010

*Definitely no sabotage, or*

Definitely no sabotage, or any violence, as it usually puts even bigger crooks into power.

Now, how about you “Wilf”, do you agree that people should protest against such destructive policies? Or are we now totally under the powers of the imaginary Money God ?

Of course, with the Canadian economy ruined by the FTA and NAFTA, and now planning total takeover by the EU, the only way our “service jobs economy” can be maintained is through the sale of the country to the corporate mafia, but should this also licence more pollution to please our foreign owners and the Money God ?

Ed Deak. Big Lake

Luke S

03-02-2010

*BC's Future Revenue Gold Mine...*

The Cabin Gas Plant will be built “capture ready”, and Encana has committed to working with government and industry to explore carbon capture and storage options.

In any event, another ~\$1 billion investment in the massive Horn River Basin. And Apache has taken a 51% stake in the proposed Kitimat LNG plant to export natural gas from the Horn River Basin with MOU's in already place with South Korea and Spain.

That's another multi-billion dollar gas pipeline/port project.

The Horn River Basin contains anywhere from 250 trillion to 1,000 trillion cubic feet (Tcf) of gas in place making it potentially one of the largest or the largest gas basin in North America.

While BC currently produces approximately 15% of Canada's natural gas (Alberta being the leader at approximately 80%), projections are that by 2020 BC could be producing as much as 50% of Canada's natural gas.

And yes folks, that means a future HUGE revenue boost into government coffers meaning additional revenues will be in place for poverty reduction, social services, health, education, infrastructure, and tax reduction, notwithstanding any variation in the price of natural gas at the wellhead.

Takuan

03-02-2010

further

<http://www.straight.com/article-282210/vancouver/lucrative-dirty-secret>

The Lastfish

03-02-2010

*The revenue....*

<http://archives.starbulletin.com/2003/03/25/news/story8.html>

The Revenue will make the NDP look like fiscal geniuses....1999 all over again, Gordon Campbell will be long since dead(retired) by 2013..Oh yes,the doom and gloom of the 2000s

The Lastfish  
03-02-2010

*As for emissions*

David Suzuki can give Gordon Campbell a Black medal....And Tzeporah Berman can Give Gordon Campbell a purple dangler award. (Suck Tzeporah suck)

Pembina...You can give yourself an award for how far you stuffed your head up your own ass!

<http://powellriverpersuader.blogspot.com/2009/08/t-silence-from-david-suzuki-and.html>

Fiat lux  
03-02-2010

*Sieg heil? Few people know*

Sieg heil? Few people know that the letters USA now mean “Unser selige Adolf” (Our blessed Adolf)

An “investment”, especially so called “foreign investment” is a small loan the recipients have to pay for hundreds of times over. Don’t we have enough debts ?

In short “foreign investment” is the sale of the country and a fraud. Especially since the banks are permitted to “create” unlimited amounts of imaginary capital to colonize and enslave the world with.

When you have resources, you have capital and don’t have to sell your property, or family, to slaveholders.

The pipelines etc. are for the purpose of the sale of the country and of no real economic benefit by any business accounting system, but the so called “economic calculations” have no debit columns, therefore are false. Everything is counted as an “income” and phony GDP and no deductions for damages, or depletions to mislead people into a false sense of wellbeing.

We hear that the country should be run as a business. If so, these criminal schemes would never be allowed, because any system without debits is suicidal.

Now try to explain this to our so called “economists” and never mind the pimp politicians lining up for directorships.

How many directorships will Gordie deserve, according to our present “conservative” apologist propagandists ?

Why do they call themselves “conservatives”, when their object is always destruction and the enslavement of others ?

Of course, real conservatives have been thrown to the dogs when this present gang took them over under the guise of the word “neo” and Reform .

Ed Deak.

The Lastfish  
03-02-2010

Incite violence, your boys the Rocky bullwinkle fuzz got the bomber, Wiebo Ludwig, Oh yea, they let him go after spending \$20 million dollars

mopled

03-02-2010

There may be real reasons to oppose this deal  
but CO2 production certainly isn't one of them.

"The climate change fraud that is now unraveling is unprecedented in its deceit, unmatched in scope—and for the liberal elite, akin to 9 on the Richter scale. Never have so few fooled so many for so long, ever.

The entire world was being asked to change the way it lives on the basis of pure hyperbole.

Propriety, probity and transparency were routinely sacrificed.

The truth is: the world is not heating up in any significant way. Neither are the Himalayan glaciers going to melt as claimed by 2035. Nor is there any link at all between natural disasters such as

Hurricane Katrina and global warming. All that was pure nonsense, or if you like, 'no-science'!

The climate change mafia, led by Dr Rajendra K Pachauri, chairperson of the Intergovernmental Panel on Climate Change (IPCC), almost pulled off the heist of the century through fraudulent data and suppression of procedure. All the while, they were cornering millions of dollars in research grants that heaped one convenient untruth upon another. And as if the money wasn't enough, the Nobel Committee decided they should have the coveted Peace Prize."

<http://www.openthemagazine.com/article/international/the-hottest-hoax-in-the-world>

The Lastfish

03-02-2010

*Luke s)Whiff) Rman*

B.C. Public tells all BC Liberals to drop dead..\$8 million dollar B.C. Liberal party debt...

Either Campbell/Hansen/Falcon/Abbot/Bond/Coleman/all resign or NO MONEY!

Campbell is Dead..Caput..As is Carole Taylor..And Dianne Watts...Kash Heed by default..HA HA

Joe Public tells Campbell to fock off

<http://alexgtsakumis.com/2010/02/02/breaking-news-gordon-campbells-rapidly-falling-star-bc-liberals-in-6-5-million-debt/>

wiley

03-02-2010

*another step backwards for Homo Politicus*

Another addition to the 5 million years of stored fossil carbon we already burn in this world EVERY YEAR, another addition to the heat melting the icecaps, raising sea levels. Can't do CCS when gas prices are so low. But will Green Gordo designate these gas revenues towards building sea walls around the Lower Mainland so we don't lose all the farmland? Nope, it's already been swallowed by the quicksands of Olympic Debts!

What a revolving circus of lies by unrepentant growth and party addicts!



G West

03-02-2010

*Capture ready????*

Don't think so: EnCana's response letter ... said ...meeting that level of emissions control "would effect an undue burden on new development."

"The only current economically and technically viable plan is to vent the process carbon dioxide in accordance with existing regulations,"

Now I know moped doesn't care, but British Columbians generally ought to.

This is just another prime example of not factoring in the 'real' costs of development and simply pushing them off onto future generations...not that one should be surprised that the current batch of characters doing Kabuki theatre in Victoria are incapable of calculating the actual costs of their misanthropy.

bfearn

03-02-2010

MopLed...

it's pretty silly to suggest that global warming is a massive conjob. Your 'truth' is wrong and the IPCC is not part of the Mafia.

To suggest that humanity can burn the equivalent of over 100 million barrels of oil every day for decades without an atmospheric impact is illogical. If you are really having trouble with this reality visit your local glacier, look at the moraine footprint and you will see that the glacier used to be much bigger. Voila, the earth is getting warmer. Then check the chemistry and you will find that more CO2 = more warming. 1+1 still equals 2 for most of us.

Frank

03-02-2010

Luke S

Oh please, you can't possibly believe that Liberal BS can you?

Over the years increased GDP and government revenue has meant more homelessness, more child poverty, less schools, less operating room time and more money for circuses, corporate tax cuts and high income tax cuts.

Its called trickle down economics and I would have thought you would have become disillusioned with the Reagan-Thatcher mantra by now.

If not, you should be.

cboo44

03-02-2010

How many of you heroes burn natural gas?

How about you, Ed? Are you hooked up at Big Lake?

You all cry about provincial debt, but don't want to support any resource royalty income that will help pay down the debt? So what the hell do you have for a VIABLE NOW solution? Not airy fairy stuff, income we can acquire NOW.

"Financial games will prevent pollution !!!!"

ISN'T THAT what "carbon tax" and "carbon credits" are? Just smoke and mirrors, right? Get real. Gas production and development in a largely uninhabited are is a LOT better than do-nothing whining.

It's really too bad that so many of the Lower Rainland urban guerrillas are such whimps. They control much of BC's political power, but have long ago lost the "can do" attitude that is required to build a better, richer BC population.

The Lastfish

03-02-2010

*Luke s and Whiff..*

Believe in FAIRY tales/Ferry tails..HA.HA..Gordon Campbell couldn't run a lemonade stand..

In fact even Vaughn Palmer is laughing at the HST...Apparently Hansen And The HABITUAL LIAR GORDON CAMPBELL's HST plan will cost the Province 1/2 billion dollars per year...So the Liar Campbell will have to raise taxes again on someone..

<http://www.canada.com/vancouversun/news/westcoastnews/story.html?id=3114ae80-eb7a-4965-898e-960054af77cd&k=74603>

Gordon Campbell, even his friends have told him to Fock off!

Skywalker

03-02-2010

*Cboo44*

Do you realize how strange your comment sounds "You all cry about provincial debt, but don't want to support any resource royalty income that will help pay down the debt?" I mean if Gordon wants us to help pay down his debt, you know the debt he created with everything not just his reckless olympic spending then maybe he and his friends should pay down the debt. They benefited from all the tax cuts and give-aways so it would only be fair. Folks who had to watch this bunch of thieves and keep paying for their extravagance have every right to scream and question Campbell's moral authority to give away another resource just so he has more money to pee away.

If this represents the "can do" attitude, stealing and wasting, harmonizing privatising etc. please spare us!

mopled

03-02-2010

*Hyperbole, Wiley & bfearn*

The facts are totally opposite to the nonsense each of you spout. Perhaps if you would venture out of that green intellectual ghetto you inhabit, you might be able to grasp that the scam is thoroughly exposed.

"Climategate - now the Guardian discovers what was always there

The only real things that's changed now is the media's willingness to see the fraud and fiddling that was always part of the great global warming scam. To finally see the fraud and fiddling that bloggers have written about for years.

Example? Well, take the Guardian.

For nearly three years, mathematician Douglas Keenan has campaigned to get the University of East Anglia, the University of Albany, the IPCC and the media to accept that a key piece of evidence behind the IPCC's claims that the world was warming was based on a study that was wrong, if not outright fraudulent. Keenan described not just the tricking up of results to hide the urban heat island effect, but the disgraceful efforts by climate scientists and University of Albany administrators to hush up the scandal.

When Climategate broke last year (again, through the blogs), I discovered and noted that one Climategate scientist, Australian Tom Wigley, was so shocked by this particular scandal that he had written scathing (private) emails to the head of the now discredited Climatic Research Unit, Phil Jones, damning what had been done. “

cont’d

[http://blogs.news.com.au/heraldsun/andrewbolt/index.php/heraldsun/comments/climategate\\_now\\_the\\_guardian\\_discovers\\_what\\_was\\_always\\_there#66454](http://blogs.news.com.au/heraldsun/andrewbolt/index.php/heraldsun/comments/climategate_now_the_guardian_discovers_what_was_always_there#66454)

I’m more worried about the waste of BC’s resources to benefit other jurisdictions.

“Robert Skinner, a Canadian energy analyst who recently left his post as the head of the Oxford Institute for Energy Studies, agrees with the predictions about Canada’s declining gas production. He told us that gas production in western Canada has “hit the wall” and that despite a record number of wells drilled in 2005, “deliverability was only nudged up a bit.”

Gas is the critical ingredient for the tar sands operations in Alberta and Saskatchewan, which need up to 2 Mcf of gas to produce a barrel of refinable crude oil. Some forecasters believe that the tar sands companies could consume all of the gas that might come south through the Mackenzie Delta pipeline. Russum, a geologist who has worked in the industry for three decades, believes it is “vital” that the tar sands companies look for new extraction methods in order to reduce their gas consumption.”

<http://www.energytribune.com/articles.cfm?aid=98&idli=3>

soleprobe

03-02-2010

*mopled*

mopled, you’re talking to a criminal gang. Their inevitable final present has not yet arrived. When it finally does they will wish that they had never been born.

Frank

03-02-2010

*cboo*

Don’t you think history should be our guide?

Assuming you do, wouldn’t you want to know why the GDP gains of the last decade have not filtered down to the people you say an increased GDP will help?

Why in fact those people have lost a further 7% of their wealth at the same time the GDP has increased by about 40%?

The money went to the upper crust who saw their wealth increase by 40% over the same time frame.

Rather than face the dismal facts you say that’s great and we need to keep making the rich richer and the poor poorer. I just don’t see why I’d want to support your policy since what you want doesn’t agree with what I want.

Dr Alexander

03-02-2010

*Why tax or capture carbon?*

As we have witnessed with the revelations of scientific and political malfeasance that were the underpinnings of the AGW theory, carbon dioxide is not a, or, the problem.

Political shenanigans and insider corporate-political sweetheart deals are the problem. Let's focus on that so that all British Columbians can benefit from resource development that takes into account environmental factors such as fisheries concerns and pollution.

time 2 wakeup

03-02-2010

### *Carbon emissions as a commodity*

I can see it now -- carbon emissions become a valuable commodity on the market. Gordo has proven this already with his actions and comments about this being good for BC's economy. Sorry????? How can destruction pollution be good for anything?

Fiat lux

03-02-2010

### *cboo.....I've been in*

cboo.....I've been in manufacturing as owner /manager for 35 years and know what can and should be done with efficient energy inputs and not from the sale of the country and resources, which are NOT an income, except in the warped minds of economists and their "conservative" followers. Get out of the fraudulent NAFTA and WTO gangs, stop being flooded by the junk from Asian slave labour factories, get rid of the kolkohozes of the agribiz gang poisoning the world, rebuild the family farm system and genuine private enterprise and stand on our feet, instead of groveling to the biggest criminals in human history, the multinational corporate mafia, choking us to death.

But that wouldn't be very "conservative" for our domestic bootlicking wealth creators. Would it ? Of course, there's no global warming: The PR agency by the name of the Fraser Institute and the Reform Party, under various disguises, would never permit it and they go by divine orders. Like Ronald Reagan's first Secretary of the Interior, Watts said it 25 years ago : "When the last tree is cut, the Lord will return!" And we shouldn't interfere with such predictions

Here in the Cariboo we haven't had any -40 or -45 C winters since 1995 and are surrounded by millions of acres of dead evergreens, because there's no frost to kill the bug eggs.

Habitable islands are sinking into the Pacific on account of rising waters, glaciers are disappearing all over the world, the Nile Delta is being submerged, but it is all a leftwing lie by the climate gate mafia to stop wealth creation.

Ed Deak, Big Lake.

Subject: Egypt's fertile Nile Delta falls prey to climate change

The Nile Delta, Egypt's breadbasket since antiquity, is being turned into a salty wasteland by rising seawaters, forcing some farmers off their lands and others to import sand in a desperate bid to turn back the tide.

Some say that Egypt, like many other developing countries, is suffering from the mistakes of the industrialised West.

"Egypt is only responsible for 0,6% of global greenhouse gas emissions," said Mohammed al-Raey of the Regional Disaster Response Centre.

<http://www.mg.co.za/article/2010-01-28-egypts-fertile-nile-delta-falls-prey-to-climate-change>

blackie

03-02-2010

*staggering hypocrisy*

The blinkered thinking that goes into a lot of the comments on this topic is breathtaking.

In a decade, petroleum revenues in BC have gone from less than \$500 million annually to nearly \$3 billion annually -- with a reasonable expectation they'll continue to climb. In 2008 alone just the bonus bids on leases and drilling permits pulled in more than \$2 billion. That doesn't include all the usual economic benefits from the investment and the activity - e.g. the jobs.

Yet the call from the left and the greenies, secure in their little fantasy land, is to shut the damn thing down. Given that the big engine of the past, forestry, is probably terminally ill, can anyone suggest what the provincial budget would look like if between \$2-\$3 billion annually was chopped off? Think tourism can fill that in?

Argue all you want about how the government spends money -- I don't like the Olympics either -- but gawdalmighty can you at least deal with some reality on the revenue side? This province would be toast economically without resources, in particular natural gas.

Skywalker

03-02-2010

*So where did it go blackie?*

"In a decade, petroleum revenues in BC have gone from less than \$500 million annually to nearly \$3 billion annually"

Where?

lynn

03-02-2010

*I second Skywalker's*

I second Skywalker's question to you, Blackie.

BC has had the highest child poverty rate in Canada for six years in a row, so who benefited from those billions in increased revenue, Blackie?

Skywalker

03-02-2010

*And I also thought the claim was that ...*

...for a few years the Liberals were such good financial managers. At least that was the repeated claim by Wilf, Luke and R/man on these sites. Now I find it was increased revenue and still they squandered it all and don't even have enough to pay for their olympic party. Another myth shattered? Well I never believed their claims in the first place. So where did all that extra revenue go...now that this province is on the road to being practically toast for at least the next decade.

Thanks all to the Campbell crew.

blackie

03-02-2010

*where did it go?*

You missed the point. Like all money that flows in to the government, it goes into general revenue. Go look through the budget documents. Your beef is what they do with it -- and I'm not arguing that because I don't think they spend it very well either.

But here's a question back at ya -- where would you cut \$2-to-\$3 billion annually in the current budget if that money disappeared? That's the point I'm making -- the hypocrisy of those on the left who, on the one hand, call for all manner of expenditures on all the stuff they think is important -- but then argue vigorously against all the stuff that can give them the money to fund those things. They must think the cash grows on trees. I guess in BC for a while it used to -- but not any more, and not ever again.

You want to argue against all that resource development? Go ahead, but I want to see where the alternative streams of revenue come from to fund all that good stuff. Fact is, the left doesn't have any, short of higher taxes on the robber barons who, like the mining industry in the 60s-70s, would just vacate the province.

Chris Keam

03-02-2010

*Where would the money go?*

"can anyone suggest what the provincial budget would look like if between \$2-\$3 billion annually was chopped off?"

According to this table

[http://www.bcstats.gov.bc.ca/data/bus\\_stat/bcea/BCEAchnd.asp](http://www.bcstats.gov.bc.ca/data/bus_stat/bcea/BCEAchnd.asp)

a loss of the 3 billion from oil and gas extraction (\$3.152B to be exact) would represent a 2% drop in the total GDP. Given that oil and gas will only become more expensive at reserves run out, it's probably a better strategy to leave it in the ground until the price really starts to rise, then we can make mucho dinero.

frank2

03-02-2010

*One point overlooked in the*

One point overlooked in the above is the essentially transitory nature of gas revenues (especially payments for claims which are one-time affairs). Like Alberta, we risk spending too much, and taxing too little, because we fail to plan for the inevitable decline in gas revenues. More generally, we need to plan for a future with LESS dependence (for use, for income) on non-renewable resources, of which gas is a prime example.

Matt T.

03-02-2010

*Chris Keam*

Brilliant!

BC's estimated deficit for the current fiscal year is \$3 billion.

Let's drop the \$3.15 billion in annualized royalty/landlease revenue (with a drop of 2% in GDP) and make that \$6 billion.

I trust that you will personally take responsibility for my share of that additional provincial indebtedness?!

G West

03-02-2010

*Tax Revenue bullshit*

Apparently some commentators aren't familiar with the taxation system here in BC.

In fact, what seems to be enormous royalty revenues in the short term are actually the only income the provincial treasury is likely to see from any of these efforts.

You can check it out:

[http://www.oag-bvg.gc.ca/internet/English/att\\_c003ac\\_e\\_11103.html](http://www.oag-bvg.gc.ca/internet/English/att_c003ac_e_11103.html)

lynn

03-02-2010

*real wealth*

Quote: "Like all money that flows in to the government, it goes into general revenue. Go look through the budget documents. Your beef is what they do with it -- and I'm not arguing that because I don't think they spend it very well either." End of Quote.

Ah, the great disappearing act called "general revenue - we knew that - but what was asked was where EXACTLY did it go?

You know....Names. Details. Amounts.

Who benefited from those billions while child poverty and the homeless rate soared in this province?

And why don't we know EXACTLY where the money went?... and since we don't why would we trust them with more of it?

Quote: "But here's a question back at ya -- where would you cut \$2-to-\$3 billion annually in the current budget if that money disappeared?" End of Quote

I'd cut out the "special" billionaire insider club that runs this province..... and is presently running it right into the ground. Then there would be plenty of billions left for everybody.

Quote: "They must think the cash grows on trees. I guess in BC for a while it used to -- but not any more, and not ever again." End of Quote

That could be your problem, blackie, you think cash grows on trees. Sorry, but branches, among other things, actually grow on trees.

Cash is not a breathable or drinkable commodity, sorry, not on this planet.

Resources are finite....and are inextricably linked to the air we breathe and the water we drink.

Air and water are necessary for survival.

Invaluable. Priceless.

And in that recognition lies the inherent wealth of stewardship.

As the old saying goes - Take care of Mother Nature and she will take care of you.

Chris Keam

03-02-2010

@Matt

The question was what would the province's revenues look like without the \$3 billion. The question was answered.

I'm sorry the answer upset you.

Skywalker  
03-02-2010

*Not so fast blackie.*

Your position was that since the government gets so much revenue from all this development, anyone opposed to continuing the same policy was being hypocritical. I asked you to explain where all this revenue was going and implied that if it was all being peed away, what possible good could come out of letting them continue to do more of the same because the BC Taxpayer wouldn't benefit anymore than they had in the past. It was a legitimate question.

Now consider your response. You simply repeat the same statement and ask what would we do without this revenue? Well, considering you can't explain where it went, I submit that we HAVE been doing without it, because it has not been noticed in education, poverty, minimum wage, jobs, forestry or health.

This wasn't even about arguing against development but you don't see it. It was making a point about development for short-term gain and not for the long-term benefit of people in the province...you know, the average person. Since I am politically homeless, it doesn't even come under being left unless being left is now classified as anyone who believes resources belong to the people and not a bunch of foreign investors.

The question is the same or withdraw your silly remark that anyone opposed to your point of view is hypocritical. The fact is you, are the only hypocrite.

Fiat lux  
03-02-2010

*So what happens when the*

resources run out and the system has nothing to replace them with ?  
The same as when some idiot sells his house, or any property, and lives high on the hog until the money is gone.

Any resource economy, especially owned by "foreign investment", is the biggest fraud, because much of the capital is "created" by Canadian banks, is the economy of fools and crooks.

Ed Deak.

chronos  
03-02-2010

*what about all the subsidies the oil and gas sector gets*

they've been given more than \$2 billion alone the last few yrs blackie, you forgot to mention that. how about getting rid of the ineffective carbon tax(around \$600 million yearly) and the \$1.9 billion handout big business is getting every year from the HST. or getting rid of MSP premiums(1/2 billion a yr). theres money disappearing from the healthcare budget every year yet were paying more through our Premiums. well theres \$3 billion. you dont have to be from the left/right or centre to figure that one out.



Matt T.  
03-02-2010

*chronos*

Do your homework buddy. Tax credits of \$250 million in the natural gas industry have provided an extra \$900 million to provincial coffers that wouldn't have been there as a result.

Are you not even aware that our New Democrats are also espousing tax credits for our film industry in order to keep jobs here in BC, which the Libs continue to ignore?

Jobs and wages in the film industry are now fleeing to both Quebec and Ontario as a result.

<http://www.bcndp.ca/newsroom/backgrounder-james-calls-action-bc%E2%80%99s-film-and-digital-entertainment-sector>

Skywalker  
03-02-2010

*Matt T.*

At least the NDP are not advocating peddling off a non renewable resource for the usual peanuts and then peeing away the revenue. Apples and oranges.

Frank  
03-02-2010

*Matt T. and blackie*

You guys seem to be having trouble with Skywalker's question.

Where'd the \$3 billion go and why would another \$3 billion not go to the same place?

blackie  
03-02-2010

*Wow*

You guys amaze me. This is simple arithmetic, and you can confirm it easily by perusing the public accounts -- audited public accounts, I might add. I realize it doesn't quite jibe with all the conspiracy theories that abound on this site.

1. Oil companies produce natural gas, which is sold to us and to the Americans, and the public gets a royalty on every 1000 cubic feet sold -- about 20-25% depending on a lot of variables. That pulls in, depending on price and market (it's been depressed for the last year) between \$1-\$2 billion. The projection for this year, in which prices have been depressed, is \$1.3 billion. That's straight cash to the treasury. As all that gas gets produced from those spectacular finds of the last few years, production goes up, and so does the province's royalty take. Over the next 10 years, BC is expected to rival Alberta for gas production and the revenues from that will continue to climb.

2. Oil companies exploring for gas (or oil) submit bids for exploration leases and drilling permits on crown land. The highest bid wins. That brought in \$629 million in 2006, \$1.1 billion in 2007, \$2.7 billion in 2008, and \$892 million in 2009. All that gets the company is the right to punch a hole in the ground -- if it's a duster, tough beans. This stuff is all spelled out in great detail for anyone who wants to get it on the ministry's web site.

That comparison to GDP has been totally misconstrued -- apples and oranges. Comparing a royalty/lease revenue stream to GDP is meaningless. What is a meaningful comparison, however, is the total oil and gas revenue stream of \$2-\$3 billion compared with \$38 billion in total revenues. That's about 7%. Still want to chuck it all?

Now, you can hate this all you like -- but the numbers are clear. And in all those responses I didn't see anyone come to terms with what a sudden loss of \$2-\$3 billion a year in revenue would do to the province's budget. I'm waiting for a viable suggestion, given a total shutdown of the oil and gas sector, of where a \$2-\$3 billion revenue stream might come from. That of course doesn't even include all the job loss, loss of income tax revenue from the suddenly unemployed, etc., etc., Oh -- and the subsidies? They come in the form of reduced royalties to stimulate drilling in places like Horn River. Take them away and kiss Horn River good bye because it's not economic.

Frank

03-02-2010

*You didn't see a single*

You didn't see a single response?

Try searching the page for the name Skywalker, he responded to your point 2 hours ago in his second paragraph.

I'll repeat it, we have been doing without it. It never trickled down into the budget.

You might want to try looking at tax cuts for where your missing billions are and then come back and try to tell us again with a straight face that there was a \$3 billion increase in anti-poverty programs last year.

blackie

03-02-2010

*gawd*

"I'll repeat it, we have been doing without it. It never trickled down into the budget."

That's ridiculous. The money is paid to the provincial treasury. Are you suggesting it gets lost?

Do you get a paycheque? You put in the bank, right? and then it's part of your personal revenue stream, and you spend it, sometimes on stuff your family doesn't necessarily like. Same thing with the government, only the numbers are bigger

"try to tell us again with a straight face that there was a \$3 billion increase in anti-poverty programs last year."

I never suggested there was. Can you not grasp the difference between revenue coming in, and money going out? If they didn't spend \$3 billion on anti-poverty programs then they spent it somewhere else. If you want to know in detail, go read the public accounts; they are public after all. Why is that so hard to understand? Doesn't something like 60% of the provincial budget go to health care and education? That's a good place to look.

Frank

03-02-2010

*blackie*

"If they didn't spend \$3 billion on anti-poverty programs then they spent it somewhere else."

When we say that you argue the point. So what's the point of giving them another \$3 billion since it won't go to social programs either?

And rather than looking at the health and education budget perhaps you might want to look at the government's own list of tax cuts since 2001?

[http://www2.news.gov.bc.ca/news\\_releases\\_2005-2009/2008FIN0009-000645-Attachment1.htm](http://www2.news.gov.bc.ca/news_releases_2005-2009/2008FIN0009-000645-Attachment1.htm)

As I said above, the poor have gotten poorer and the rich have gotten richer during the term of this government. Poorer in spite of GDP growing, in spite of increased revenues.

\$3 billion more in revenue will mean high income people and corporations will get \$3 billion more in tax reductions (or \$4 billion more given the way this government does its math, the proof being in their tripling of the provincial debt since 2001)

Hawaii Punch

03-02-2010

@Blackie

You are confused, they pay no taxes, everything is a write off, hundreds of millions in subsidies, the money vanishes....

And how much was the last land drilling rights worth?

Answer..\$13 million dollars, that's it, peanuts, the great sales are gone, the royalties too small, the price too high on the environment, Natural gas is a plenty, those drillers are heading south....Solar Thermal/Not Natural(finite)Gas.

Oil n gas is 1/10 that of Forestry...That's why Alberta, with all it's billion has one bad year and their broke... Natural gas royalties.. A muggs game...Wait until the 3% royalty expires in September...

The next drilling right sales will be nothing..... That last \$13 million dollar sale had NO ONE BRAGGING from GOVERNMENT...Nor should they....Add in the road building, subsidized roads, insurance, environmental degradation, subsidized electrical, now add the HST... More money comes from burger flipping/Tourism/movie industry/.....Natural Gas. A muggs game.

Dr Alexander

04-02-2010

*It is not just \$3 Billion dollars*

It is also jobs and local support of said gas exploration/extraction/transport activity.

cfvua

04-02-2010

*Royalty kickbacks*

Matt T. First of all if there was a two and a half to one return, why wouldn't the government put more money in to this phoney setup. Show us the proof if there is any. The only people that believe this crud is the ones spewing it and the ones that are the beneficiaries of the handouts. It is completely wrong as there are no additional royalties created(finite gas supply) and hear me again, NO BC JOBS CREATED. This is a game for liberal connected profiteers at the expense mainly of residents who live in the Northeast. I dare any of you to actually go out to the field and see who is really building the roads for Imperial Oil and who is building the pipelines and facilities for all of the producers. There is so little spin-off that by the time the 50% road building/pipeline credit the "deep" drilling credit, etc, etc are calculated we are probably going to see a net loss to the treasury. Wake up people, this is a liberal insider club deal and should be stopped. Doesn't anyone remember the Federal PIP grant fraud cases?

If we try to compete for the lowest royalties with Alberta we will always lose due to their volume. Shale gas is less risky despite what the producers say, since it is more like mining and unless you botch the drilling and fracturing of the wells, it is more or less a slam dunk. Fewer roads, pipelines and locations=less cost, so they can quit whining about that too.

“Capture ready” is a joke as it doesn’t cost anything extra. IF you are going to vent your CO2, really does it cost anything to be ready? IT simply costs a few nickels which might create a few jobs and income taxes which could help offset the cost of injecting the stuff at nearby played out wells(yo-yo and kotcho).

Blackie:

There could easily be a way healthier contribution to the treasury if the jobs and spin-offs were going to BC tax-paying businesses, far exceeding royalties. Don’t count land sale revenues either as they could just as easily become nothing once the players all have the land they want. Campbell and his group simply don’t have the cajones that Danny Williams has or Sarah Palin had when it comes to dealing with producers who don’t support jurisdictional economies. Same Producers.

Dr. Alexander

There are almost no jobs and local support as this work is being done by out of province folks and the businesses that the producers are being allowed to bring in to the province unchecked. It would be more like \$3Billion minus royalty credits so it turns out to be a lot less than it should be.

Fiat lux

04-02-2010

*Wait how many jobs will be*

Wait how many jobs will be “created” when the Canada-EU “free trade” racket kicks in, with rights to all federal, provincial, municipal procurement and services up for grabs by the European corporate mafia already colonizing the East European countries in worse ways than the commies have ever been able to do.

For the sake of “efficiency” of course, which means the “most stolen with the least effort”

Ed Deak.

G West

04-02-2010

*cfvua*

Absolutely right. And since the advent of TILMA there is no legal way that local communities and municipalities can compete with contractors and workers from Alberta - who don’t have to contribute diddly squat to the local economy for anything more than meals and accommodation.

Virtually every penny the highballers make is going OUT of the economy, not into it. And there are very few long-term or medium term jobs in this industry once the wells prove out - a few lease payments if the wells happen to be in Farmer Jones’s pasture and a lot of extra maintenance costs on the local roads for the district.

The only payoff is the short term sale of the leases...and the only reason Campbell/Hansen is so interested in that cash NOW is because they’ve already fucked up the fiscal machinery so badly that they’re ready to take money from anyone - including problem gamblers and the GST.

I take it Blackie hasn’t noticed....or hasn’t done much cost accounting lately.

alive

04-02-2010

*Blackie’ world!*

Blackie did his best to explain that income goes into general revenue and we should all be happy. Since he talks about how we get a paycheck and put it in the bank etc, then let us continue along

that line ---- so you put the money in an account and all is well, except your wife also has a creditcard and has her own ideas about what is important in life.

That is how it is for most of us, we agree to have the money in the bank (general revenue), but we have a partner (Gordo) who has his own ideas about what the monies are to be used for!

Seems he has a few friends who need support and your dollar goes there!

Skywalker

04-02-2010

*I guess I won't get an answer from Blackie.*

All that extra revenue we got and here we are with a major expense looking at us from the olympics and a staggering deficit looking at us for payment and Blackie can't explain how we would be better off by giving Campbell more of our resources to piss away just as he has done since 2002. I say leave it alone until we have stewards in place who realize that they are responsible to us, the people. The Liberals have squandered enough of BC future. Blackie proves it again.

cfvua

04-02-2010

*Company "E"*

This company totally controls the OGC, which through spokesman Steve Simons has become a sponsor/rubber stamp for development rather than a regulator. Which was the inevitable consequence of our faithful MLA(Senator) Richard Neufeld gutting the OGC and changing the governance to go to his control for the benefit of his supporters(controller) in Calgary. Has anyone else noticed the Calgary Boys/Harper/Neufeld for senator connection?

Big gas gets what it wants from Victoria right now and it is unfortunate that the resource is being squandered with so little to show for it.

At least the money wasters at the Olympics can seem to hire BC dump trucks to haul snow to Cyprus Bowl. In the Northeast special "vendor managed" outsiders would be brought in. Yes to haul snow, dirt and most of the water for the monster fracs. All in the name of safety. Just one more level of liberal supervised cash outflow from the province.

Dr Alexander

04-02-2010

*So the real argument is not Gas resource development*

It is about who benefits. Sure, under NAFTA, TILMA etc etc the locals get screwed as do the general citizenry of BC.

So, what should be done to ensure that BCers benefit from resource exploration/exploitation?

Frank

04-02-2010

*Dr Alexander*

"So, what should be done to ensure that BCers benefit from resource exploration/exploitation?"

Putting people in power that actually want to see that happen and the will to make sure it does.

Extraction of all public resources, whether it be gas or forests, shouldn't be for the benefit of foreigners and the domestic upper class the way it is now.

G West

04-02-2010

*Dr Alexander*

First.

Fire the government.

Second.

Change the rules and reform the tax system and stop treating corporations as if they were something special - institute real corporate democracy and make the officers and board legally and criminally liable if and when they fuck up.

Third.

Price the resources correctly - and that means to factor in all the costs now and in the future of their exploitation and use.

I heard a discussion the other day (I think on the BBC) where it suggested that the actual cost of a burger at McDonald's should be \$200. It's time to pay the piper and starting with EnCana would be a great idea.

If they don't like the cost of doing business, as Chris Keam points out up thread, leave the resources in the ground. We're getting little enough out of them now and assuming the worst (given EnCana's record) it'll end up being a net liability to the province over the next couple of decades.

cfvua

04-02-2010

*For Kicks*

Do some reading in the Anchorage Daily News to see how Alaska handles itself on these files.

Pay particular attention to how "friendly" some of the producers and politicians have been. Some are now spending time where they would rather not.

Same producers as in BC. Watch for the same type of behaviour. Sarah Palin stood up to them and nothing happened, in spite of threats of mobile capital and all the rest. They are currently debating a bill to reduce oil and gas "taxes" by a \$Billion. A lot of money for the state. Alaskans do all the work there and receive annual payments, I'm guessing as a result of the revenues. The spin-offs are tremendous. So it can be done. All it takes is political will which we are so miserably short of in BC right now.

□ North of Hope

04-02-2010

*Dirty energy extraction*

Next to the Tar Sands, these are the dirtiest energy extraction systems in the world. They demand a tremendous amount of energy and one of the by-products, besides CO<sub>2</sub>, is sour gas (H<sub>2</sub>S). Sour gas is one of the most dangerous gases around and it is usually burnt off when it released from oil extraction processes. Sometimes it is kept and used for other purposes. Sometimes it is used to make sulphur for other industrial uses, maybe sulphuric acid. Some of the sulphur is stored on North Van and can be easily seen from the Lion's Gate Bridge. Extreme care must be taken with H<sub>2</sub>S due to its danger. All people near these extraction sites, including homes and schools, MUST know the dangers of this poison. Look at this article for more info about its dangers and what EnCana is doing about the dangers.

<http://thetyee.ca/Blogs/TheHook/Environment/2010/02/04/EncanaLeak/>