

NEWSPAPERS

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(Photo image by Will Koop, February 4, 2011)

Quebec between a rock and a hard place on gas from shale

Andrew Chung
Quebec Bureau
The Star
July 25, 2010

MONTREAL—It is like any other natural gas. Once purified, it's made up of the same carbon and hydrogen atoms. It will flow through a gas stove in exactly the same way.

Below the surface, however, it's different. Removing it from the chalkboard slate-like shale where it lies, sometimes kilometres underground, is complicated and expensive.

There is another difference. This gas lies in Quebec, the province with arguably the most tortured relationship with fossil fuels.

It could mean thousands of jobs and billions of dollars for the province, potentially redrawing the energy map in Canada.

But the environmental risks of getting this gas has both skeptics and hopefuls frustrated and worried.

The most skeptical? A village on Montreal's south shore called St-Marc-sur-Richelieu. After an Australian firm came in hoping to drill into the shale beneath, townsfolk started seeking answers. What will the effect be on the water? The air? The landscape?

"We don't know if it's a good option for Quebec, especially the way it's being done now," said resident Pierre Batellier, who formed a local group called Shale Gas Mobilization.

The town has called for a moratorium on shale gas drilling. In early July council told residents it would even seek a court injunction should there be a local attempt to drill.

"We want the (Quebec) government to guarantee in writing that the health and safety of the citizens will not be affected," councillor Gilbert LeRoux said.

All the answers thus far are based on what the industry says, LeRoux complains. There need to be independent studies of the effects.

Most of the concern relates to the star of this new drilling show: hydraulic fracturing, or fracking. Since the gas is stuck in the rocks, the rocks must be fractured, like taking a baseball bat to a windshield.

To do that, gas companies blast millions of litres of water, sand and a cocktail of chemicals, some toxic, down the well. The gas is liberated and flows up.

This makes it much more expensive than conventional wells, although the latest fracking technology, and the ability to drill horizontally, has improved the odds.

The potential is enormous. Already in British Columbia there are hundreds of shale gas wells at work.

Quebec, particularly in the St. Lawrence Valley between Montreal and Quebec City, is the next motherlode, according to companies exploring here.

“Estimates go from 25 to as high as 50 (trillion cubic feet) of gas,” says Michael Binnion, the high-spirited CEO of Calgary-based Questerre Energy Corp. At the high end, that’s enough to heat 15 million homes for 50 years.

Binnion’s company will have the first well go into production near Quebec City next June. It will be “demonstration” project, to persuade investors and everyone else of the untapped potential. Full production in Quebec, by his company and others, Binnion says, could mean thousands of wells over decades.

It could “make Quebec energy independent in natural gas,” Binnion adds. “That’s a big seismic shift not just for Quebec but for Canada.”

It would mean royalties for Quebec and jobs for Quebecers.

“The biggest impact on the government’s finances will be from income tax, paid by the people who are going to work,” says André Caillé, president of the new Quebec Oil and Gas Association. (A former head of Hydro-Quebec, he’s also advisor to Junex, another company heavily exploring shale gas.)

Caillé says homegrown gas production would end the \$2 billion sent west each year to satisfy Quebec’s natural gas needs. “That money would stay in the economy and create ... as many as 7,500 well-paid jobs for our young people here.”

Tantalizing words. And Quebecers seem swayed. A CROP firm poll question in March about gas production in the province found 60 per cent of respondents in favour.

Still, environmentalists look to the U.S., where drilling with fracking is now a “megatrend” and where thousands of wells dot the landscape in Pennsylvania, Ohio and Colorado.

They worry about higher greenhouse gas emissions compared to conventional natural gas — because of the energy used to get the gas — and water contamination.

Quebecers also see themselves as environmentally conscious. Polls have shown greater opposition to the oilsands in Quebec than in other parts of Canada; up to 70 per cent oppose its transport to Quebec.

Premier Jean Charest embarrassed Ottawa by criticizing its climate change plans at the Copenhagen summit last December. Alberta took it as a slight against the oilsands and immediately brought up how much Quebec benefits from Alberta equalization payments.

So, how can Quebecers support shale gas development?

“Being inconsistent is the nature of humans,” says Pierre-Olivier Pineau, a specialist in energy policy at HEC, the University of Montreal-affiliated business school.

“You can oppose oilsands because it’s far away and in Alberta. If it was in Quebec they might have a different view because it would be in their place and they’d benefit.”

André Belisle, president of a Quebec air pollution watchdog called AQLPA, said if Quebecers knew more about shale gas, they’d change their minds.

“They only got one side. ‘We’re going to be so rich, richer than Alberta, and gas is cleaner than coal so let’s go for it right away!’”

In the U.S., concerns about aquifers contaminated with methane or toxic chemicals are growing. In Pennsylvania, some people have complained of contaminated wells after shale gas production began.

Gasland, a new documentary that opened in Toronto theatres this weekend and which is due to air on HBO Canada in August, dramatically shows homeowners in the U.S. lighting their tap water on fire.

Meanwhile, New York has banned shale gas drilling for now. New York City urged a moratorium after finding its watershed was at risk. And in March the U.S. Environmental Protection Agency launched a nationwide study into fracking and the risk to water.

Industry here says Canada is different than the U.S.: For one, it’s not exempt from safe drinking water regulations.

Binnion says his demonstration well will show the public that there’s little to fear.

“Any time a brand new industry shows up anyplace I think it’s natural for people to have questions. And I think that sometimes the oil and gas industry makes the mistake (of assuming) everybody understands what we do.”

Binnion said his company is being “transparent.” It publishes a list of chemicals it uses in fracking, something most others do not. They include hydrochloric or muriatic acids and glutaraldehyde, a substance that is used as a medical device sterilizer that can cause asthma, nosebleeds, headaches and nausea.

Carcinogenic benzene, toluene and certain pesticides reported in some fracking fluids in the U.S. are not on the list. Binnion says he doesn’t use what he doesn’t list.

More than half of the fracking chemicals stay deep below ground. Up to 40 per cent comes back up and must be either recycled, treated and put back in the watershed, or disposed of as hazardous waste.

Most in the industry blame any tainted water on spillage at the surface; the sheer depth of the fracking, often a kilometre below water tables, makes it impossible for the fracking fluids or the gas to migrate into aquifers, they insist.

Binnion says gas contamination in the U.S. was, if anything, caused by disrupting biogenic gas, derived from naturally occurring bacteria, in the wells.

But is that true? A 2008 report from Garfield County in Colorado showed that a sharp rise in gas found in groundwater followed a spike in area gas drilling. The gas was scientifically determined to be from the rock, not bacteria. And, the report said, the most affected wells were “near structural features where the faults and fractures maximize the vertical mobility of the gas.”

Then there’s the other main environmental worry. Since shale gas is harder to retrieve than via a conventional well, it takes more energy to do so. Like the oilsands compared to a regular oil well, it produces more greenhouse gas emissions.

GHGenius, a carbon emissions model funded by Natural Resources Canada, included shale gas in the model a few months ago.

Shale gas production releases 27 per cent more carbon dioxide than conventional natural gas, the model predicts. However, taking into account the complete life cycle, from well to burner, the differences may be closer to 10 per cent.

The National Energy Board says that different shale gas regions release different levels of carbon dioxide. Quebec’s Utica shale has far less than the Horn River shale in B.C., making its carbon footprint similar to conventional gas.

That doesn’t comfort people like Belisle.

“Even if shale gas is a little cleaner than tarsands we as a society have to leave fossil fuels. We have to do better than this.”

The debate is just beginning in Quebec. So far, the government shows no signs of stopping exploration. It’s developing new legislation to govern the industry, due out in the fall.

By then, voices are certain to get louder.

Is Quebec's environmentalism about to change?

Robert Silver
Globe and Mail
July 30, 2010

Like most nature versus nurture debates, the allocation of responsibility between the two poles isn't easy to discern or there wouldn't be a debate. Every poll I have seen shows that Quebecers are more concerned about climate change and want the government to take stronger action than any other province. It is an interesting question whether this concern stems from Quebec's God-given topography, i.e. abundant zero-emission hydro power, and lack of local fossil fuels (nature) or if it stems from Quebec's broader political culture that has developed over the province's history (nurture).

Regardless of the source of Quebec's environmentalism, it is about to be tested. We are reminded in this morning's papers that Quebec is seeking a deal from the federal government to develop their [offshore oil reserves](#) similar to those Nova Scotia and Newfoundland have reached with Ottawa. Moreover, Quebec has serious [shale gas reserves](#) that are in early stages of being developed.

The implications for federalism in Canada if Quebec becomes a fossil-fuel producing province are potentially immense.

Let me throw out a perfectly foreseeable hypothetical. Some future federal government finally puts a price on carbon – something the Quebec government has been advocating for across party lines for years at this point. The problem is, this price on carbon suddenly makes most of the oil and shale gas projects that are, by this hypothetical point, paying out millions of dollars in annual royalties to the Quebec government uneconomic. The projects stop cold. Hundreds of jobs are lost and the Quebec government loses these millions of dollars in revenue with no easy way to recoup the money.

Does Quebec demand the federal government drop its hypothetical climate-change policy? Do they demand full compensation from the federal government for the lost revenue? Do they agree that Alberta, Saskatchewan and British Columbia – who will have, under this hypothetical climate change policy, lost many multiples the dollars that Quebec has seen evaporate – should equally be compensated? Will Quebec suddenly make an argument that federal climate-change action is an intrusion on provincial jurisdiction with the predictable implications to national unity that would flow from this allegation?

And to be crystal clear, this isn't an exercise in Quebec bashing. I am simply making the argument that provinces are all acting in a self-interested manner on climate change. This is to be expected in a federation like Canada (and yes, the inverse of this argument could be made about Alberta's current opposition to serious national carbon pricing). With the development of Quebec's oil and gas industry, however, no matter how small the reserves ultimately prove to be (and again, there is really no scenario where the sectors become as dominant in Quebec as they are in Alberta) Quebec's interest may be changing. This has the potential to have an important impact on the entire country's environmental and economic policies. It should be interesting to see how this impacts public opinion in Quebec as well as relations between the provinces.

Shale gas drilling worries some Quebecers

August 25, 2010

CBC News

Shale gas exploration along the banks of Quebec's fertile St. Lawrence River has worried residents, town leaders and environmentalists, who say projects to extract the natural resource are forging ahead in a regulatory vacuum.

Shale gas is considered an increasingly important source of natural gas in North America, with the potential of significantly boosting the world's energy supplies.

The south shore lowlands along the St. Lawrence River between Montreal and Quebec City are rich in shale bedrock, which traps gas in fissures one to four kilometres below the ground's surface.

Quebec is still reviewing potential rules and regulations for shale gas exploration, and plans to table a new bill sometime in the fall.

But drilling for wells has already begun in several municipalities, including in St-Marc-sur-Richelieu, south of Montreal.

Calgary-based company Talisman Energy has already drilled several wells in the region, angering local municipal leaders who say the burgeoning industry needs to be regulated first.

"We are really not pleased, because we have been excluded from the process," said federation president Bernard Généreux.

Residents in St-Marc-sur-Richelieu have asked for a moratorium until environmental studies are done to gauge the impact on local water tables.

There are legitimate environmental concerns about water table contamination, Généreux added.

Shale gas extraction involves pumping water, sand and chemicals into the ground, potentially jeopardizing drinking water supplies, he said in an interview with CBC's French-language service.

Quebecers aren't opposed to natural resource extraction but want to be informed about all the risks and advantages, he said.

Talisman has met with some residents in prospective drilling areas in the past, and is open to future encounters.

"We do not want to be just an operator in a municipality, we want to be a member of a community," said Talisman spokesman Vincent Perron.

The Liberal government plans to host regional meetings and a parliamentary commission before it crafts a new shale gas law, said the ministry of natural resources.

Exploration for natural gas causes consternation in Quebec

Les Perreux - Montreal
Globe and Mail
August 29, 2010

In most places west of Manitoba, the arrival of yet another oil or gas drilling rig is cause for little notice or concern. In Quebec, a half dozen gas wells and the potential of hundreds more may be about to set off a new kind of identity crisis.

Quebec has long nurtured an image as a green-energy titan, relying on hydro and sneering at those other energy producers in the West, with their smelly, polluting oil and gas.

The image is in for a rough reexamination this fall as Environment Minister Pierre Arcand and deputy premier and Natural Resources Minister Nathalie Normandeau announced on Sunday that the government will launch an aggressive schedule of environmental review and legislative overhaul that could pave the way for a new natural-gas industry.

Thousands of metres beneath Quebec's fertile and heavily populated St. Lawrence River valley, geologists believe up to 50 trillion cubic feet of gas reserves may be locked in hard shale. The rough preliminary estimate would place the field on a short list of the largest of its kind in Canada.

Before Quebec has even drafted its first oil-and-gas law to regulate the industry, exploration companies have obtained 600 permits and are drilling a half dozen wells to test the viability of Quebec's gas reserves.

Shale gas would be the first major foray into fossil fuels in a province where the industry mainly pierces public consciousness for high prices at the pump, pollution, greenhouse gases or some distant environmental disaster.

"There is an historic attachment and identity tied up with Hydro-Québec because it was one of the first true economic engines in the province. Compared to that legacy, oil and gas companies trigger considerable distrust with the way they act around the world," said environmentalist Daniel Breton.

At Sunday's unveiling of the province's plan, Mr. Arcand and Ms. Normandeau were booed and shouted down by several dozen protesters. An aide was forced to plead for calm and respect.

"Citizens have expressed their concerns, and we've heard them," Ms. Normandeau said over a chorus of catcalls. "We have the responsibility to exploit such potential wealth ... but we will be putting primary emphasis on the environment and on ensuring the social acceptance of any development."

Many of the protesters were residents of Saint-Marc-sur-Richelieu, a small town about a 40-minute drive south of Montreal, where a mix of recently landed commuters and farmers have successfully stalled an early attempt at exploration by an Australian company.

Pierre Batellier, a university lecturer and leader of the local anti-drilling movement, said the town's 2,000 residents are divided between people who welcome lease payments from drilling companies and other potential economic development and those who say Quebec is rushing into the unknown.

"There's not a lot of tension in town, but it's starting to grow as houses become harder to sell," said Mr. Batellier, who teaches sustainable development at HEC Montréal, a business school.

Any oil and gas exploration would likely cause controversy in Quebec, but the "unconventional" methods used to reach shale gas promise to fuel opposition.

Exploration companies reach the gas through a recent innovation in drilling known as hydraulic fracturing, or "fracking." Thousands of litres of water, sand and chemicals are blasted into the rock to break it up and release the gas.

Several communities in Pennsylvania, where drilling is running a frenetic pace, have complained of severe water contamination while New York state has put a hold on drilling. The industry insists the problems are isolated.

Quebec environmental groups and municipal associations have asked for a moratorium on drilling until more questions are answered.

The Quebec Oil and Gas Association – created just last year and led by former Hydro-Québec president André Caillé – has predicted the industry could create thousands of jobs and drive down the price of natural gas, which is nearly twice as expensive in Quebec as it is in Alberta.

The province and industry have promised a major public-relations campaign this fall to tout the benefits of gas exploration while environmental groups say they will mobilize opposition.

"This fall will be the hottest in Quebec on the energy file since the 1960s" when hydro installations were nationalized, Mr. Breton said.

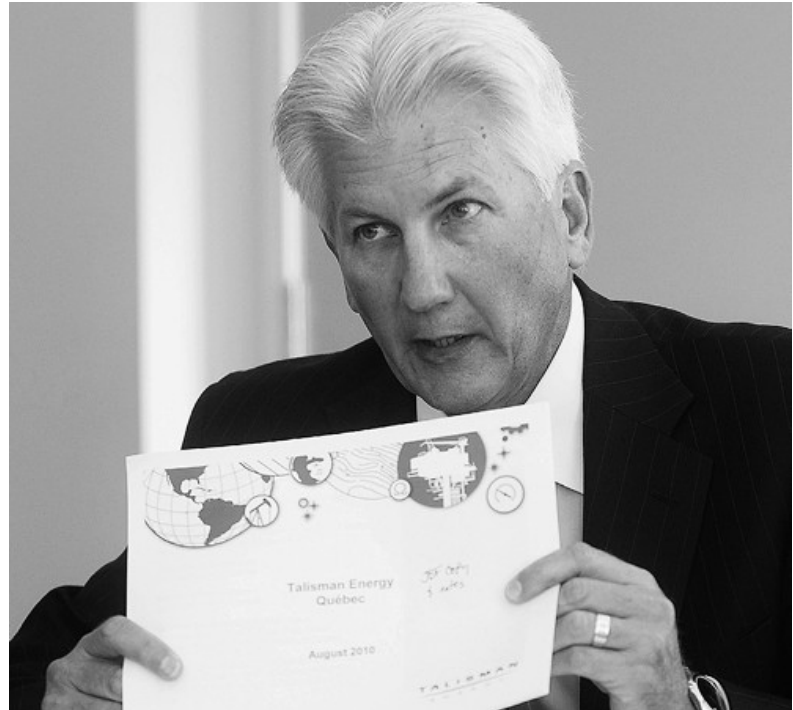
The province has asked the environmental review agency to complete its work by Feb. 4. New legislation promises to be in place by the end of the spring session.

Gas companies launch shale safety campaign

By Marianne White,
Postmedia News
August 30, 2010

James Fraser, vice-president of Talisman Energy Inc., told The Gazette's editorial board yesterday that it is a myth shale gas exploration is unregulated in Quebec.

Photograph by: PIERRE
OBENDRAUF THE GAZETTE,
The Gazette



QUEBEC – The companies involved in shale gas exploration in Quebec's St. Lawrence Valley are launching a publicity campaign to convince Quebecers it is safe to drill.

The industry is facing a growing controversy in the province over this budding form of natural gas exploration, which requires the use of a lot of water.

Environmental groups and residents living near exploration sites have called for a moratorium on all current projects until stricter environmental rules are in place, but the government has refused to halt the projects and instead has launched an environmental study.

“We have noticed that the interest of the population is getting greater and greater every day,” said Andre Caille, chairman of the Quebec Oil and Gas Association.

The organization, which represents 18 companies involved in shale gas drilling, will host town hall meetings in three municipalities located near exploration sites – Becancour, St. Édouard de Lotbinière and St. Hyacinthe – through the end of September.

The cities are located on the southern shore of the St. Lawrence River between Montreal and Quebec City where there is a vast shale formation, called the Utica Shale.

This promising formation could have the potential to supply as much as 500 million cubic feet of gas daily by 2020, Caille said.

He added that developing natural gas production would help create as many as 7,500 jobs over several years and be lucrative for the province.

Caille said the association hopes to convince those who have not yet made up their mind about shale gas drilling that it is safe and can be done in an environmentally friendly way.

“People have legitimate questions and we need to provide them with answers,” Caille said.

Environmental groups such as Équiterre, the Association québécoise de lutte contre la pollution atmosphérique and Nature Québec fear that getting shale gas out of the ground could pollute the air and water along the St. Lawrence Valley.

Among the technologies used to extract shale gas, there is one known as fracking. It involves a mixture of water, sand and chemicals being forced into deep shale formations at high pressure, fracturing the rock and releasing the gas.

Andre Belisle, of the Association québécoise de lutte contre la pollution atmosphérique, charges that fracking is a “dangerous” method that could affect the water supply and leave contaminated water once the gas is extracted.

Caille, however, rejected the claims and said the industry is operating under tight controls and regulations.

The government announced last weekend the province’s environmental watchdog will hold public hearings into shale gas exploration this fall.

The report will be handed in to the government by Feb. 4 and Natural Resources Minister Nathalie Normandeau said she intends to introduce legislation next spring to regulate oil and gas production.

Aug. 31: Letters to the editor

Globe and Mail

‘No fracking way’

Your article Quebec Moves to Develop Natural Gas Industry (front page, Aug. 30) should serve as a wake-up call.

The use of hydraulic fracturing, or “fracking,” to break up underground geological formations and release trapped natural gas is proving to be an extremely controversial practice south of the border. Families there who find that their drinking water is now flammable because of the gas present in the water supply are justifiably outraged. Indeed, widespread claims of contaminated ground water have prompted the New York State Senate to halt such gas-extraction plans until much more is known about fracking.

Clearly, before much more independent research is done to analyze the safety of such methods of hydrocarbon extraction, the only sane reply to gas companies wishing to push ahead is “no fracking way!”

Tony Winson, Guelph, Ont.

One can only hope Quebec can protect its groundwater resources from the contamination revealed by Joel Fox’s documentary, *Gasland*. Perhaps it portrays only worst-case scenarios, but the nightmare of contaminated aquifers, kitchen faucets that provide a fine blend of contaminants as well as gas that can be ignited, volatile organic air contamination, and an industrialized landscape that fragments habitat, is recommended viewing for anyone interested in protecting their local water supply.

Al Colodey, Vancouver

PQ calls for shale gas moratorium

September 2, 2010

CBC News

The opposition Parti Québécois is demanding an immediate moratorium on drilling and exploration for shale gas in the province.

PQ leader Pauline Marois made the request as she wrapped up a party caucus meeting in Salaberry-de-Valleyfield on Thursday.

Marois said she is in favour of shale gas development in the province, but not at any cost.

A moratorium should remain in effect until the province's environmental assessment board (BAPE) has completed an in-depth report on the issue. She said a mandate given to the BAPE to study the issue should also be expanded to include all the environmental, social and economic aspects of the matter.

"The moratorium should also not be lifted until a law has been adopted putting in place a framework for the exploration and drilling [of shale gas]," said Marois.

Marois is also calling for a national assembly commission to study the province's energy independence.

Natural Resources Minister Nathalie Normandeau rejected Marois' request for a moratorium.

The government has already ordered the BAPE to look into the issue "so that we can in an independent, objective and impartial way, find a better way to create a framework for this industry in Quebec," said Normandeau.

"We aren't rushing into this, our plan was clear," she said.

Former chief of staff's new job raises eyebrows

The PQ also expressed concern about reports that Economic Development Minister Clément Gignac's chief of staff left the government to work as a representative for the shale gas industry in the province.

Newspaper La Presse has reported that Stéphane Gosselin quit his job on Friday to accept a position as director of the Quebec Oil and Gas Association.

The association announced this week that it will launch a public awareness campaign in order to sway public opinion on the issue of shale gas development in the province.

PQ house leader Stéphane Bédard called Gosselin's affiliation with the association "completely unacceptable" on an ethical level.

However, Gosselin told the newspaper that he verified his circumstances with the office of the province's Lobbying Commissioner.

Ministers faced protesters

On Sunday, Environment Minister Pierre Arcand and Natural Resources Minister Nathalie Normandeau were confronted by a small but noisy crowd of protesters in Montreal as they announced that the government would launch an environmental study and public hearings into shale gas drilling.

The government is reviewing potential regulations on exploration for natural gas, and plans to table a bill this spring. Normandeau said there would be no large-scale projects in Quebec before 2014.

Environmental activists and residents living near gas exploration sites have also called for a stop to all current projects, expressing concerns about the potential contamination of groundwater.

Shale gas is being hailed as a greener alternative to oil and coal, and is an increasingly important source of energy in North America. But the growing interest has left governments struggling with how to regulate this newly accessible energy source. In June, the House of Commons supported a motion to initiate a comprehensive review of federal rules on unconventional oil and gas development.

And the U.S. Environmental Protection Agency announced in March it would take a close look at the environmental and human health impact of shale gas drilling.

Fossil fuels to rule for decades, CEO tells Montreal World Energy Congress

'Total energy demand set to expand significantly'

By Lynn Moore,
The Montreal Gazette
September 13, 2010



File photo: Oil refinery in Montreal industry in Montreal.
Photograph by: MARIE-FRANCE COALLIER, The Gazette

MONTREAL - Traditional fossil fuels will continue to rule the global energy mix for the next 30 to 40 years, the president and CEO of Saudi Aramco told the World Energy Congress during Monday's keynote address.

The growth of renewable energy sources and more energy efficiency technologies will be "slow and uneven" due to a range of factors including consumer-acceptance issues, Khalid Al-Falih told the congress which is expected to attract about 5,000 participants before it wraps up Thursday.

"The world will continue to rely on traditional fossil fuels for most of its energy needs for the coming decades," Al-Falih said. "These energy sources - namely coal, oil and natural gas - are

expected to account for about four out of every five units of energy that mankind will consume for the foreseeable future.”

Although the share of fossil fuels in the energy mix may decline over the longer term, the absolute quantities of energy from those sources will rise “simply because total energy demand is set to expand so significantly,” he said.

Saudi Aramco has oil reserves of about 260 billion barrels, roughly a fifth of the world’s proven reserves which, at the company’s current rate of production, are enough for more than 80 years of production, the conference heard.

Peter Voser, CEO of Royal Dutch Shell, told the congress that the natural gas revolution is changing the global energy landscape.

One pillar of the natural gas supply revolution is improved production technologies that have made it economic to produce shale gas and tight gas resources, said Voser whose shale gas plays in North America include a project in northeast British Columbia.

“Worldwide, there’s now enough technically recoverable gas in the ground for 250 years ... at current production rates,” Voser told the conference.

Shell is aware of public concern regarding hydraulic fracturing, the controversial technique used to stimulate gas flow and takes that concern seriously, said Voser who outlined measures taken to protect ground water.

“This is not to suggest that nothing could ever go wrong. We’ve recently been reminded that things sometimes can and do go wrong.

“But let’s also remember that energy is the lifeblood of civilisation. Whether we like it or not, producing energy ... and delivering it to billions of customers around the world comes with certain risks.

“Rather than closing our eyes to that reality, we must confront risks and manage them as effectively as we can. That requires good safety standards and well-trained people. And at Shell, we think we have both.”

Shale gas moratorium urged in Quebec

September 14, 2010

CBC News

Quebec environment group Équiterre is calling for a moratorium on shale gas exploration in the province until the controversial process is reviewed for environmental risks.

Équiterre says there are too many unanswered questions about the impact of extracting natural gas using a new technology called hydraulic fracturing, or “fracking”.

“We could take six months or something like that to study it carefully,” Équiterre deputy director Stephen Guilbeault said Tuesday.

“Obviously, the information provided needs to be independent. It cannot come from the people who stand to benefit millions from the exploitation of this resource.”

Équiterre says potential groundwater contamination is a real issue for public safety, and the Liberal government should halt exploratory drilling pending further study.

Quebec’s environmental protection agency — known as the BAPE — is reviewing natural gas exploration and is expected to report back to the provincial government by February 2011.

Companies reproached for not informing communities

The province has already allowed gas exploration in low-lying regions along the St. Lawrence River, where there are deposits of the gas trapped in shale bedrock. But the government has chastised the Quebec Oil and Gas Association for how it proceeded with its drilling.

Communities along the St. Lawrence River where drilling has started have complained they weren’t notified about the work until after the fact.

Natural Resources Minister Nathalie Normandeau said people should have been told ahead of time.

“I had a discussion with [association president] Mr. [André] Cailé about the bad experience with one community, and my message is clear: It is not acceptable for Quebec.”

The oil and gas association is hosting information sessions in communities where shale gas deposits have been identified. The first meeting was scheduled in Bécancour, outside Montreal, on Tuesday night.

Shale gas has been lauded by leading energy companies around the world as a rich source of future power.

Earlier this week in Montreal, Shell CEO Peter Voser told an international energy conference that shale gas has risks, but they are manageable.

Public gets say on shale gas as of Oct. 4

The Montreal Gazette
September 16, 2010

MONTREAL - Quebec's environmental impact assessment agency will launch its first series of public hearings into the development of the province's shale gas deposits on Oct. 4.

The first session will take place at 7 p.m. at the Hôtel des Seigneurs in St. Hyacinthe. The public can also take part via videoconferences offered at halls in Bécancour and St. Édouard de Lotbinière.

The province has been clear about its plan to develop natural gas since it adopted its energy strategy in 2006, but many environmental groups oppose the move. They are requesting a moratorium on any further work until more is known about how shale gas could impact carbon emissions, sustainable development and agricultural land in Quebec.

For more information, consult the [Bureau d'audiences publiques sur l'environnement](#) web site.

Former Quebec environment board members slam shale gas decision

Rhéal Séguin
Globe and Mail
September 17, 2010

Quebec's government has been accused of compromising the credibility of its environmental assessment process in its haste to develop lucrative natural gas reserves.

Six former members of the province's environmental assessment board say that the board has "neither the time nor the necessary resources" to hold proper hearings and undertake independent studies that respond to the public's concerns about the development of natural gas. Drilling has begun in gas deposits in shale rock formations in the St. Lawrence Lowlands near Montreal and Quebec City.

"The government risks compromising the credibility of the organization and its ability to hold credible and impartial public consultations," the former members said in a letter released to the media on Thursday. The letter is signed by former board president André Beauchamp and co-signed by five other former members, including past vice-president André Delisle.

"By restricting the scope and especially the time to undertake the review and public hearings mandate on shale gas and without producing a proper environmental evaluation, the government is contributing to accentuate a social crisis that is well under way."

The board announced on Thursday that public hearings will begin next month and go until November. However, the board has no proper independent studies to present for debate, and it must make its recommendations in four months. A project this size usually takes at least 12 to 18 months, environmentalists say.

Premier Jean Charest defended the process on Friday, promising that with tight regulations, shale gas development can take place without major consequences to the environment.

“Natural gas represents over 10 per cent of our energy menu in Québec, and if we can use our own natural gas and we can do it in a sustainable way, I think we’ll all come out of it better,” Mr. Charest said.

“The issue isn’t whether or not it [shale gas development] has an impact. The issue is how can we minimize the impact of our development of a resource,” the Premier added.

Unless the government changes and extends the environmental assessment board’s mandate, Mr. Beauchamp said, the organization’s “independence, rigour and integrity” are at stake.

Most of the opposition to shale gas exploration is over concerns about potential contamination of water in communities near the more than 20 exploration drilling rigs in the St. Lawrence valley.

The public’s mistrust of Mr. Charest’s commitment to ensure safe development of shale gas was fuelled by news reports that several former Liberal government aides now promote the industry.

Quebec legislature resumes in shadow of Bastarache inquiry

Rhéal Séguin
Globe and Mail
September 21, 2010

The Quebec National Assembly has resumed sitting with a cloud of suspicion hanging over Premier Jean Charest's government.

The Bastarache Commission into allegations of influence peddling in the nomination of judges has seriously crippled voter confidence in Mr. Charest, polls show.

Mr. Charest will have an opportunity on Thursday to rebuild his credibility when he testifies before the public inquiry. Based on Mr. Charest's past statements, he will contradict everything former justice minister Marc Bellemare has told the commission.

Mr. Bellemare's allegations that party fundraisers exerted "colossal" pressure on him to appoint or promote three judges are at the heart of the public inquiry. Mr. Bellemare, who was justice minister from April, 2003, until he resigned a year later, went public with his allegations last spring.

Mr. Charest has denied any ties between party fundraisers and the nomination of judges. He has also denied Mr. Bellemare told him of influence peddling by party fundraisers.

"There won't be any surprises," Mr. Charest said last week when asked about his testimony. "Don't expect any fireworks."

Liberals are, however, expecting a solid performance from their leader. The party is concerned that anything short of winning back the trust of voters will undermine just about every major issue the government plans to tackle this fall. Some fear, without saying so publicly, that it may even spell the demise of Mr. Charest as party leader.

What has hurt the Liberals most has been the public perception that Mr. Charest governed through patronage and favouritism, a view recently reinforced by the news that former Liberal government aides are now promoting the emerging lucrative shale gas industry in the province.

Similar perceptions were created last spring after revelations that the government had awarded huge contracts to construction and engineering firms with close Liberal ties. Even private daycare permits were being awarded to Liberal supporters, according to documents released by the opposition parties.

Public mistrust towards the government can also be measured on the issue of protecting the French language. Several thousand people attended a rally last weekend to protest against the government bill to allow the children of wealthy francophone and immigrant families to be enrolled in private non-subsidized English language schools for three years to become eligible to attend English-language public schools.

The legislation to allow so-called bridging schools was the government's response to a Supreme Court of Canada decision in October, 2009, that it is illegal to make children from francophone and immigrant families who had been enrolled in private English-language schools switch in the public system. Under Quebec law, only children of a parent who attended an English language school in Canada can enroll in the province's English-language public-school system.

The bill was criticized as allowing certain groups to buy a constitutional right. Even federal New Democrat MP Thomas Mulcair recently told a National Assembly committee examining the bill that the proposal amounted to a "Google map to bypass the law."

Mr. Charest plans to underscore the province's strong economic recovery from the recession to deflate opposition attacks. But testimony at the Bastarache Commission has overshadowed the government's agenda.

During testimony before the commission on Tuesday, party fundraiser Charles Rondeau acknowledged that, each week for almost six months in 2003 and 2004, he went to Mr. Charest's office to meet with Chantal Landry, who was responsible for government appointments to help pick and choose who was worthy of jobs. Mr Rondeau insisted that the appointments discussed did not include the nomination of judges. But he admitted meeting Mr. Bellemare to speak on behalf of a "friend," Michel Simard, who was later promoted to associate chief justice of the Quebec Court against the former justice minister's wishes.

The testimony at the inquiry has renewed opposition calls for a wider probe into the construction industry and irregularities in party financing.

"This government is stuck in scandals. It has been discredited by its refusal to hold a public inquiry into the construction industry," Parti Québécois leader Pauline Marois said in the National Assembly on Tuesday. "Each day brings its lot of new revelations."

And this allows the PQ to maintain its offensive against an already weakened government.

A guide to Quebec's shale gas controversy

By Monique Muisse,
The Montreal Gazette
September 23, 2010

Shale gas has changed
the entire energy game

Photograph by: Robert
Nickelsberg/Getty
Image Files, Robert
Nickelsberg/Getty
Image Files



Quebecers have been hearing a lot about shale gas recently. Supporters of the industry say it represents the future of energy production and consumption in the province — a veritable gold mine under our feet that could completely alter the shape of our economy. But critics say we don't know nearly enough about how the exploitation of this new resource could impact our environment, and moving full-speed ahead on shale gas before assessing the possible consequences would be a huge mistake. In an effort to bring some clarity to a complex issue, The Gazette has compiled the following “shale gas primer”:

Q: What is shale gas?

A: Shale gas is natural gas (mainly methane) found in fine-grained, organic-rich rocks known as shales that lie deep beneath the earth's surface. The shale can act as the source, the reservoir and the seal for the gas, trapping it within pores and fractures in the rock.

Q: How much of this stuff are we sitting on here in Quebec?

A: Estimates have varied since energy companies began searching for shale gas reservoirs in Quebec in earnest a few years ago. At present, experts believe the motherload lies in the Utica Shales Formation, located beneath a broad swath of land south of the St. Lawrence River between Montreal and Quebec City. If current estimates prove accurate, the area could yield up to 50 trillion cubic feet of shale gas — enough to meet Quebec's natural gas needs for decades while still allowing for export.

Q: How do we get it out of the ground?

A: The process for extracting shale gas is known as hydraulic fracturing, or “fracking.” It involves forcing a mixture of water, sand and chemicals underground at high pressure, splitting the shale rock apart and releasing the gas. The technique has already been successfully applied to the Barnett, Woodford and Fayetteville shales in the U.S.

Q: Who are the major players in Quebec?

A: The two big exploration companies currently working to locate and extract shale gas resources in Quebec are Talisman Energy Inc. and its partner, Questerre Energy Corp. Both are based in Calgary. Forest Oil Corp., which operates out of Denver, and Quebec’s own Junex Inc. and Gastem Inc., are also in the mix. So far, the government has issued a total of 600 drilling permits and several companies have begun digging wells to test the viability of the gas reserves.

Q: Once we extract it, where will the gas end up?

A: Some of it could remain here in Quebec to help power our own homes, offices and public buildings. Much of it, however, would likely be exported to other provinces or to the U.S.

Q: If the shale gas industry is allowed to develop, what might be some of the economic benefits?

A: According to Natural Resources Minister Nathalie Normandeau, developing natural gas production in Quebec may help create as many as 7,500 jobs over the next several years. The government would also be entitled to royalties from the companies producing and exporting the gas, which could inject billions of dollars into provincial coffers. Finally, having an abundant source of natural gas close to home would mean that it would no longer need to be brought in from Western Canada, saving Quebec an additional \$2 billion a year.

Q: Why is shale gas so controversial?

A: Many stakeholders — including residents of the communities near the drilling sites, the Quebec Federation of Municipalities, and a slew of environmental groups — argue that not enough is known about the impact a burgeoning shale gas industry might have on the environment. Of particular concern is the threat of groundwater contamination. Critics say some of the chemicals used in the fracking process could seep into the surrounding groundwater and cause serious health problems in nearby communities. There is also concern the high-energy extraction process could release huge amounts of greenhouse gases into the atmosphere.

Q: Have these things been a problem in other areas?

A: In the U.S., there have been reports of groundwater contaminated with methane or toxic chemicals in both Pennsylvania and Colorado. In 2009, investigative journalists with ProPublica reported that some homeowners found methane levels in their water so high that they could light it with a match. The New York Senate recently voted for a moratorium on shale gas drilling throughout the state.

Q: Is oil and gas production currently regulated in Quebec?

A: Right now, the shale gas industry operates under mining rules and regulations because the province does not have legislation in place that deals specifically with oil and gas. Minister Normandeau has said she intends to introduce such a piece of legislation within the next year.

Q: What is being done in terms of public consultation?

A: The Bureau d'audiences publiques sur l'environnement (BAPE) is holding a series of town-hall meetings in October and November involving three municipalities located near exploration sites. The first session will take place Oct. 4 at 7 p.m. at the Hôtel des Seigneurs in St. Hyacinthe. The public can also take part via video conferences offered at halls in Bécancour and St. Édouard de Lotbinière.

In Quebec, it's drill, bébé, drill

Kalli Anderson
Globe and Mail
September 23, 2010

The ongoing controversy over the exploitation of shale gas deposits in Quebec came to a head last week. On Tuesday, the prominent environmental organization Équiterre released a [report](#) that claimed developing a shale gas industry would make it difficult for Quebec to meet its existing greenhouse-gas reduction targets. Équiterre called on the province to institute a moratorium on further exploration projects until it concludes comprehensive studies of the potential environmental, health and economic impacts of shale gas exploitation.

Équiterre's call for a moratorium echoes similar demands from the opposition and community groups. Earlier this month, Parti Québécois Leader Pauline Marois pressed for an [immediate moratorium](#) on shale gas drilling in the province. And, at a public information meeting in Bécancour, residents living near shale gas exploration sites demanded the projects be shut down until [environmental assessment](#) studies are completed.

The Charest government has ordered the province's Office of Environmental Public Hearings (BAPE) to conduct an assessment of the shale gas industry and its potential impacts, but it has repeatedly [refused calls](#) for a moratorium on exploratory drilling while the study is underway.

The consensus in the Quebec opinion pages is that, so long as Quebecers continue to consume electricity at the current rate, the exploitation of shale gas and other home-grown energy resources is fairly inevitable. But some pundits criticized the Charest government's full-speed-approach to developing the industry.

In his Journal de Montreal column, Joseph Facal contended that, because Quebecers "[consume much more energy](#) than we produce," it makes sense to "correctly exploit our own resources instead of spending money importing [oil and natural gas] from outside the province." Mr. Facal did not, however, agree with how the provincial government had handled its foray into shale gas so far. He

accused the Charest government of “improvising” its shale gas strategy, which, he argued, has resulted in a level of “distrust” among the voting public on the issue that will likely be “very difficult to overcome.”

La Presse’s Francois Cardinal agreed with Mr. Facal’s contention that, as voracious energy consumers, Quebecers “[can’t oppose everything](#).” Mr. Cardinal argued that unless Hydro Quebec increases the price of electricity in the province, energy conservation programs will produce only “modest” results. “With our ridiculously low electricity prices [...] the province has no choice but to propose new large scale energy projects,” he wrote.

In an op-ed published in La Tribune, University of Sherbrooke Business professor, Luc Godbout, contended that the only way for Quebecers to decide whether they support the development of a shale gas industry is for the government to provide a clear [cost-benefit analysis](#) that considers the industry’s environmental and economic impacts. “It seems simple,” he wrote, “but it is the fundamental element that is missing from the current public debate.”

Column of the Week

Le Devoir’s Josée Boileau [fact-checks](#) provincial Natural Resource Minister Nathalie Normandeau’s claim that shale gas exploration is nothing new and that the government has been openly talking about this possibility for years. Ms. Normandeau has repeatedly invoked Quebec’s Energy Strategy (made public in 2006) in her justification of the development of the shale gas industry. However, as Ms. Boileau discovers upon combing through the document, “nowhere in its 119 pages does the Energy Strategy include the phrase ‘shale gas,’ or even the word ‘shale.’ “ Ms. Boileau judiciously admits that the document does contain references to natural gas and exploratory projects, “but the emphasis is resolutely placed on hydrocarbon research in the Gulf of Saint Lawrence.”

Ms. Boileau goes on to contend that “it is not surprising” that the public is unhappy with the [limited mandate](#) the government has given to the Office of Environmental Public Hearings “Shale gas exploitation in Quebec is being treated as a sectoral project, when in fact it involves major social and environmental issues” Ms. Boileau wrote, “and any responsible government would address these issues with the electorate.”

Tensions at Que. shale gas meeting escalate

Industry spokesperson leaves as security deteriorates in Saint-Hyacinthe hall

CBC News
September 29, 2010

Tempers flared at a public meeting on shale gas development Tuesday night in Saint-Hyacinthe, Que., with the leading proponent leaving the meeting out of concern for his safety.

More than 600 people showed up for the information session hosted by the shale gas industry as part of a provincewide plan to sell Quebecers on the controversial approach to drilling for natural gas.

Protesters quickly overwhelmed the standing-room only hall, taking to the microphones and storming the stage.

They called on the province to implement a moratorium on exploration and drilling until a thorough environmental impact study can be done.

The tensions peaked when André Caillé, chair of the Quebec Oil and Gas Association, left the room to greet people gathered in a smaller meeting across the hall.

When he returned, he said, police told him not to go back in.

“Apparently the tension was so high that it represented, in their own words, a high potential risk for security for myself and maybe for others including my colleagues,” Caillé told CBC News.

Caillé said he did not personally feel threatened but agreed to stay away until the situation improved.

“After an hour of discussion in trying to evaluate exactly what was going on and the security risks for the people, myself and my colleagues, I decided I would go back,” said Caillé, the former chair of Hydro-Québec and a well known figure in the province. “And I went back.”

More than 600 people came to a meeting in Saint-Hyacinthe, Que., about shale gas development. (CBC)



Residents leave with few answers

Quebec sits on a massive field of natural gas locked in the shale bedrock that extends from the St. Lawrence Valley into New York state.

Extracting the gas involves blasting water and chemicals through the rock in a process known as fracking.

The province has ordered its environmental protection agency to review the practice and to hand in a report to government officials by February 2011.

The government estimates a homegrown shale gas industry could create 10,000 jobs and free billions of dollars the province now spends to import natural gas.

However, some environmentalists and concerned residents have accused the government and the industry of trying to rush the process before proper studies have been done. They also worry about the impact on local water supplies.

Patrice Martel, who attended Tuesday night's meeting, isn't convinced shale gas drilling is safe.

"I don't believe them, basically," he said. "Sometimes people start to yell because they can't stand it."

Sandra Pelletier-Cyr, who lives in the Saint-Hyacinthe area, left the meeting unsatisfied.

"It's like a joke for us. We didn't receive answers to our questions."

The Saint-Hyacinthe information session was the last in a series of meetings being held by the gas industry.

Quebec's environmental assessment board — known as the BAPE — will begin its own series of hearings in October.

FQM urges caution on shale gas

By Monique Muise,
The Montreal Gazette
October 2, 2010

Shale gas has changed
the entire energy game.

Photograph by: Robert
Nickelsberg, Getty
Images files



MONTREAL - For the second time in under two months, the Quebec Federation of Municipalities (FQM) is calling on the provincial government to take a long, hard look at the development of Quebec's shale gas industry before it approves further drilling for the controversial resource.

In a release issued Saturday, the FQM said its members have unanimously approved a resolution demanding that Quebec's oil and gas industry be formally regulated through a new provincial law. The companies at the forefront of gas exploration in the St. Lawrence valley between Longueuil and Quebec City are currently adhering to the province's mining laws.

The FQM, which represents over 1,000 municipalities in Quebec, also stated that hearings currently being conducted by the province's Bureau d'audiences publiques sur l'environnement (BAPE) should be extended and broadened to probe into all potential impacts of shale gas industry.

The federation had issued a similar statement in late August, saying its members were deeply concerned about shale gas exploration in the province and wanted to be included in government and industry consultations.

"We do not oppose the exploitation of shale gas," said the FQM's release. "On the contrary, we recognize the undeniable economic potential of this resource ... but the lack of clear and objective information about environmental impacts and public safety does raise questions amongst our members, and the populations they represent."

Shale gas a tough sell in environment-proud Quebec

Les Perreux
Globe and Mail
October 3, 2010

The natural gas trapped in rock thousands of metres beneath the tranquil rich farmland of the St. Lawrence Valley can be tough to crack for natural gas prospectors, but tapping support from the skeptical citizens above is proving even trickier.



To free the gas, drillers fracture a dense layer of gas-bearing shale with a high-pressure blast of chemicals and water in a process known as fracking. Up on the surface, that ominously named technique isn't helping as gas men and their government allies try to sell a natural gas industry to a province better known for its hydro-electric power and disdain for Alberta's oil sands.

Four years ago, shale gas wasn't even in the Quebec government's carefully crafted 10-year energy plan. After dozens of pages dedicated to hydro electricity, a small section spoke of the need "to diversify Quebec's natural gas sources." Now those plans are being redrafted on the fly. Gas prospectors have ramped up exploration drilling, but the province has not kept pace – lacking even the laws to regulate and tax the industry. It has convened a quick environmental review, which opens on Monday, and promised new legislation for spring 2011.

Premier Jean Charest's government has left it to André Caillé, an energy executive once hailed as a hero in the province, to sell the new energy industry with his credibility and charm.

It hasn't exactly gone as planned.

Some 400 years ago, French settlers cleared this land and today their descendants produce much of Canada's fruit, vegetables and dairy, including North America's finest cheese. The flat farmland and rolling green countryside is peppered with picturesque villages that support those farmers, and the acreages and *pied-à-terre* of city dwellers drawn by peace and quiet.

It's not traditionally a centre of noisy activism. But one evening this week, when Mr. Caillé made his pitch in a packed and steaming conference room on the outskirts of Saint-Hyacinthe, the descendents of those settlers greeted him with hoots and hollers of derision.

When Mr. Caillé asked for calm, young and elderly alike called him a liar and a thief. The French words for shale gas (*gaz de schiste*) were quickly transformed into shouts of "We don't want your *gaz de shit!*"

Two minutes later, Mr. Caillé was gone, ushered out by police worried about his safety. He'd lost the room in much the same way the government may be losing the province.

When gas companies went looking for a leader to reassure the people, Mr. Caillé was top of the list. He was the sweater-wearing fatherly figure who helped lead anxious and freezing Quebecers

through the winter ice storm of 1998, when he was president of venerated Hydro-Québec. It was his power lines that failed, but many Quebecers saw a leader trying to turn the lights back on.

Mr. Caillé, who now heads the province's brand new oil and gas producers association, said he always knew gas would provoke a culture shock. A long line of Quebec leaders have cultivated a green image based on hydro electricity while dismissing the dirty fossil fuel energy producers to the west.

"The tumult you see in the meetings are a tradition in Quebec. Quebecers have a voice that carries," Mr. Caillé said. "But there has been no violence, and there will be no violence. They just have strong vocal cords. The Jesuits used to teach us, 'When your argument is weak, raise your voice.' It's in our culture."

Much of the current anger is based on exaggeration, Mr. Caillé said, pointing out that just three shale gas rigs are operating in Quebec, compared with 300 drilling in similar-sized fields in British Columbia and Alberta.

But suspicion still grows, and not just among those at a public meeting. Many of the province's opinion leaders wonder what's the rush. They know that improper drilling practices in places like Pennsylvania have contaminated ground, ruined peaceful countryside and poisoned wells. They look at New York state's moratorium on drilling in areas that supply water to New York City and they want a pause, too.

"We're not here to blow up the industry, our "No" is strictly a response to the government saying, 'Yes, yes, yes,' " said Pierre Batellier of St.-Marc-sur-Richelieu, about 40 minutes outside of Montreal, where his community group blocked a recent attempt at exploration.

Chants of "moratorium" ring out at public meetings, echoing calls from municipal leaders, citizens groups and environmentalists. But there will be no halt, according to deputy premier and Natural Resources Minister Nathalie Normandeau – whose critics deride her as "Drill Baby Drill" Normandeau.

"I don't believe that deep down people are against it. It's just that they need to be reassured, to have answers," said Ms. Normandeau, who added that the environmental review will provide those answers.

But the government is sending mixed messages. One day before Mr. Caillé was booed from the stage, Ms. Normandeau announced a moratorium on offshore drilling in the St. Lawrence estuary, pending a full environmental impact study. That study will stretch into 2012. The time allotted for the shale gas review is five months.

"The reaction isn't completely surprising," said Christian Vanasse, a comedian who is now a prominent opponent of shale gas. "The white francophones who live in this valley are living with what the natives up north have been putting up with for years. As long as Hydro-Québec was flooding vast distant lands, we didn't give a shit and thought we were green.

"There must be Indians who are laughing their asses off at us right now."

Shale hearings told of production risks

By MONIQUE BEAUDIN,
The Montreal Gazette
October 12, 2010

Public hearings into shale gas development were told Tuesday about potential risks associated with its production in Quebec.

The dangers could include air and water contamination, and nuisances like noise and vibrations from drilling and transportation, according to presentations at hearings conducted by the Bureau d'audiences publiques sur l'environnement.

Jean-Pierre Vigneault, of the provincial Health and Social Services Department, said little is known about the shale gas industry and its impacts.

“Like many people in this room, we do not have a great experience in shale gas, so much of what we are saying is theoretical,” Vigneault said, adding it was difficult to get information about the effects of shale gas production, and the department has had little time to analyze what it has received.

The United States Environmental Protection Agency is studying shale gas, but its report will not be ready until 2012, Vigneault said. The BAPE is to submit its report to the Quebec government in February.

Elsewhere in North America, the industry has worked with people in nearby communities, as well as with government and regulators, to address the impacts of shale-gas production, said Kim Brenneis of Talisman Energy Inc.

Colorado-based toxicologist Dollis Wright said her review of scientific literature found that while there were “perceived” health concerns, there were no actual illnesses or chronic diseases associated with oil and gas drilling.

“I would strongly encourage this group to make sure citizens have a means of understanding what is going on at these sites, so there is a clear delineation between what is perceived and what is the actual risk from these activities,” Wright said

Canada not ready for shale gas boom

SHAWN McCARTHY

Globe and Mail

October 14, 2010

Canada's fledgling shale gas industry faces a growing clamour for tighter regulations and greater protection of local water sources amid fears that aggressive drilling techniques carry a heavy environmental cost.

The enormous potential of shale gas resources is considered a "game changer" in the North American energy landscape, promising large supplies of relatively low-cost fuel for decades. But the industry is encountering stiff opposition in Quebec, New York state and other jurisdictions where residents and environmentalists worry that drilling techniques using chemical-laced water, a process known as fracking, pose a threat to drinking water and wildlife.

As Quebec holds raucous and divisive hearings over the future of its promising shale industry, a new study to be published Thursday by the University of Toronto argues that Canadian regulators are wholly unprepared for the shale gas boom that is sweeping North America.

"To date, Canada has not developed adequate regulations or public policy to address the scale or cumulative impact of hydraulic fracking on water resources," says the report by Ben Parfitt, a Victoria-based researcher whose work was commissioned by the water program at the University of Toronto's Munk School of Global Affairs.

Mr. Parfitt said the federal government is virtually absent from the discussion, while provinces issue oil companies with individual water-use permits despite having little understanding of the cumulative impacts of increasing drilling activity, no public reporting on the chemicals or amount of industrial water withdrawals and no systematic mapping of the country's aquifers.

Without a more robust regulatory approach, "rapid shale gas development could potentially threaten important water resources, if not fracture the country's water security," Mr. Parfitt wrote in the study, which will be formally released Thursday at a day-long Munk School conference.

The international oil industry is investing heavily in North America shale plays. Just last weekend, Calgary-based Talisman Energy Inc. ([TLM-T](#)24.01-0.18-0.74%) announced it is teaming up with Norway's Statoil ASA for a \$1.3-billion (U.S.) acquisition of properties in Texas' Eagle Ford shale. As well, China National Offshore Oil Company (CNOOC) said it is investing \$1-billion for a one-third stake in Chesapeake Energy Corp.'s Eagle Ford play.

In Canada, companies like Talisman, Encana Corp., ([ECA-T](#)31.50-0.14-0.44%) and U.S.-based Apache Corp. are planning massive investment in northeastern B.C. and western Alberta, notably in the prolific Horn River and Montney plays. Companies are also eager to develop Quebec's Utica shale zone and in New Brunswick. As well, the industry is applying the drilling and hydraulic fracturing techniques to other oil and unconventional gas fields in Alberta and Saskatchewan – using high-pressured, chemically-treated water to break open tight formations and release the trapped hydrocarbons.

The industry acknowledges that massive expansion of shale development through hydraulic fracturing could threaten water supplies if not properly done, but insist that provincial regulators and the companies themselves are prepared to meet the challenge through water recycling, and tapping salt-water aquifers.

In northeastern B.C., “there is a realization the full-blown development in some of these shale regions is going to tax the water availability if we go forward with a traditional, business-as-usual approach to how water is used,” said Kevin Heffernan, vice-president of Calgary-based Canadian Society for Unconventional Gas, a industry-backed association.

“And certainly the industry is very, very aware that shale-gas development is water intensive and is working hard to find approaches that are going to make sense for the long term,” Mr. Heffernan said in an interview.

But Mr. Parfitt suggests the industry – with the blessing of the B.C. regulator – is forging ahead with development plans in British Columbia and elsewhere while key questions remain unanswered.

While the industry claims there is no evidence that hydraulic fracturing has contaminated aquifers, the researcher cited a number of cases in the United States where ground water was tainted during nearby drilling activity. And there is no requirement in Canada for companies to disclose what chemicals they use in fracturing – as there is in several states.

As well, there has been no assessment in B.C. – or other provinces – of how the industry will be able to dispose of massive amounts of waste water that is produced during the drilling, a key concern regarding possible surface water contamination.

“The pace of the shale gas revolution demands greater scrutiny before more fracture lines appear across the country,” he said.

Protecting water key to battle over shale gas extraction in Canada

The Canadian Press
Ross Marowits
October 14, 2010

MONTREAL — Protecting the quality of Canada’s bountiful supply of fresh drinking water is a preoccupation that unites advocates and critics of controversial plans to extract natural gas from shale rock.

A new report published Thursday by the University of Toronto’s Munk School of Global Affairs said Canadian governments need better regulations to protect water supplies from these drilling techniques.

“To date, Canada has not developed adequate regulations or public policy to address the scale or cumulative impact of hydraulic fracking on water resources,” said a report by Ben Parfitt, a Victoria-based resource policy analyst.

Parfitt said Ottawa needs to develop a national water policy.

Failing to create regulations on water use and chemical additives, along with a full mapping of the country’s aquifers and shale gas developments “could potentially threaten important water resources, if not fracture the country’s water supply,” he wrote in the report Fracture Lines.

There are shale formations in British Columbia, Quebec, Alberta, Saskatchewan and New Brunswick, as well as in the United States, that are currently being explored or developed.

Opponents fear that the underground process will consume immense amounts of water, contaminate existing supplies and leave a dirty byproduct.

Drillers inject a combination of water, sand and chemicals into the shale formation to fracture the rock, allowing the gas to escape for collection and sale.

Questerre Energy Corp. (TSX: [QEC](#)), which plans to drill wells in Quebec’s portion of the Utica shale formation, agreed with the report’s conclusions.

But Jason D’Silva, the company’s chief financial officer of Questerre, said much of what is proposed is already being done by the industry.

It already voluntarily discloses the chemicals used, monitors Quebec water wells to ensure they will not be affected by drilling operations, discloses water use in Western Canada and tests “flowback” water used during the drilling process.

“(Canadians) should be concerned because water is a pretty important resource for all of us,” D’Silva said in an interview.

But D'Silva said the firm drills wells in densely packed rock thousands of metres below underground aquifers to ensure they're not contaminated.

Questerre plans to recycle its water to minimize usage.

Parfitt's report said 13.6 million cubic metres of water are required for 150 shale gas wells.

But Questerre said Thursday that the fracking process uses only a fraction that's used by other industries, including the pulp and paper sector.

"We're going to use less water than car washes use in Quebec," he said, adding that Quebec City loses four times as much water each year from its municipal distribution system.

Robert Mark, an energy analyst with MacDougall, MacDougall and MacTier, said fracturing is a safe extraction process that's been used for 20 years.

"The bigger question where I think there are a lot of unanswered questions and the need to look at it very closely is water use, where you source the water and how you clean it up after the fact," he said from Toronto.

"I think that for me is where the real topic should lie."

He said the industry would welcome suitable regulations to prevent smaller companies from abusing loopholes and causing problems.

Mark said much of the opposition to shale gas comes from areas of the continent that has little experience with the oil and gas industry.

Quebec shale gas project grinds to halt

SHAWN McCARTHY

Globe and Mail

October 14, 2010

Quebec's much-touted "shale gale" has been put on hold after the leading developers postponed a planned drilling program, citing high costs and public criticism of shale gas development.

Questerre Energy Corp. ([QEC-T1.580.031.94%](#)) and its partner Talisman Energy Inc. ([TLM-T24.01-0.18-0.74%](#)) had planned to complete two new test wells this year to further assess commercial development of the shale gas resource on the south shore of the St. Lawrence River. But they have pushed back that schedule by at least six months.

The move comes as the Quebec government and the industry face an uproar at public hearings over fears that an anticipated increase in drilling could threaten local water supplies. Oil companies are encountering a backlash throughout North America over unconventional drilling techniques in

which chemically laced water is shot into shale rocks to open fissures and collect the natural gas, a process known as hydraulic fracturing, or “fracking.”

At public hearings, some Quebec residents have demanded a moratorium on drilling, but Questerre chief executive officer Michael Binnion said the industry has essentially ground to a halt as natural gas prices remain depressed and companies cut exploration budgets in high-cost regions.

“How can we have a moratorium? There is no industry [in Quebec],” Mr. Binnion said in an interview Thursday.

The Calgary-based oil executive was in Toronto for the launch a new study published by the University of Toronto’s Munk School of Global Affairs, which argues that Canadian regulators are ill-prepared for the shale gas boom.

Questerre and Talisman created considerable excitement in the past year as they launched a drilling program to develop the Utica shale resource, one of a dozen unconventional gas plays that have fundamentally changed the energy picture in North America.

Earlier this year, Questerre boasted that drilling results indicated that the Utica is among the top 10 shale fields on the continent.

But the prospect of a drilling rush has sparked a raucous debate in the province, and now Mr. Binnion is trying to tamp down expectations. The industry is addressing environmental concerns – by re-using waste water for drilling needs, for example – even as the Quebec government reworks its regulations to meet the new challenge, he said.

“Let’s just calm down. We’re not in a rush, there is no rush. We’re not in commercial development and there is plenty of time to update the regulations and quite frankly, the industry is unlikely to proceed unless there is a good regulatory environment in the first place.”

He said the operating costs are two to three times higher in Quebec, where it can cost \$15-million to drill a single horizontal well, compared with mature developments such as northeastern British Columbia, Texas or Pennsylvania. That’s because the industry in Quebec lacks a home-grown service sector and must import drill rigs and crews to complete a single well.

Current estimates suggest natural gas prices would have to climb to \$5.50 (U.S.) per thousand cubic feet in order for companies developing the Utica shale to make money. Gas prices are now hovering above \$3.50 per thousand cubic feet, and companies continue to develop new production capacity in B.C., Texas and Pennsylvania.

To bring down costs in Quebec, companies would need to invest up to \$500-million to complete 50 wells to gain economy of scale, Mr. Binnion said. But that investment won’t happen until the province overhauls its regulations and the public is more accepting of the industry.

Talisman spokesman David Mann said the company has decided to defer some activity in Quebec due to the high price of hiring drilling and fracking crews. “We need to be more thoughtful and do it later at a lower cost,” he said.

Exploration will continue, minister asserts

Principal concern is public's protection, Environment Department chief says

By MICHELLE
LALONDE AND
ROBERT GIBBENS,
The Montreal Gazette
October 16, 2010

As Quebec reviews potential rules on shale gas exploration, some residents of St. Marc sur Richelieu oppose drilling.

Photograph by: MARIE-
FRANCE COALLIER
GAZETTE FILE PHOTO,
The Gazette



Despite a poll showing that more than three-quarters of Quebecers want the province to stop shale gas exploration until environmental impact studies are completed, exploration will continue, provincial Environment Minister Pierre Arcand says.

Quebec's environmental watchdog, the Bureau d'audiences publiques sur l'environnement, has just completed a first round of public hearings on the environmental impact of natural gas extraction from the Utica Shale in the St. Lawrence Lowlands.

A second round of hearings is to begin Nov. 15. A report is to be submitted to the minister in early February.

"Some companies have decided to halt their exploration while the BAPE does its work. Others are continuing, but there will be no exploitation before 2014," Arcand told reporters yesterday.

"My principal concern is to ensure, on the environmental front, that we do everything possible to ensure we have the laws and a superior inspection process to ensure the public is protected as much as possible," he said.

His department's inspection process at exploratory drilling sites has intensified in recent months, Arcand noted, and no problems have been detected.

"The government has a game plan, and the game plan involves several steps that started in 2007 ... and will take until 2014 to bring to fruition. I don't see what a moratorium could add to the process."

He made the comments at a joint news conference with federal Environment Minister Jim Prentice, where the ministers announced three new working groups that will allow the federal and provincial Environment Departments to co-operate on three priority concerns: climate change, emergency response to environmental disaster, and environmental assessments of major projects.

The ministers hailed these initiatives as a sign of a new era of co-operation between Quebec and the federal government, particularly on files where there has been open discord, like climate change.

Prentice sang Arcand's praises, calling him "dynamic and practical."

Prentice also said the federal government supports Quebec's initiative in shale gas development, adding that other provinces with potential for shale gas extraction are looking to Quebec for leadership.

"Here in Quebec, Minister Arcand and Premier (Jean) Charest have taken the necessary steps to commence a process of exploration in

shale gas. We support that process," Prentice said.

"There are important (environmental) issues and we trust they will be examined in all the depth necessary. Other provinces will have to ensure they have regulations in place, but Quebec is very much a leader in terms of exploration of shale gas, and future exploitation."

A Leger Marketing poll commissioned by the environmental group Equiterre showed 76 per cent of Quebecers polled believe the government should suspend all shale gas exploration until impact studies are complete.

The poll was taken Oct. 4-6, before several experts told the BAPE that claims about job creation and economic advantages of shale gas mining have been exaggerated and that certain environmental concerns are valid.

Two Calgary-based companies that have pioneered shale gas drilling in the Drummondville area - Questerre Energy Corp. and partner Talisman Energy Inc. - say they are delaying completion of two deep wells for six months or more, citing depressed prices for natural gas, high drilling costs and downward pressure on exploration budgets generally.

Talisman spokesman David Mann played down reports that all drilling in the region has been halted indefinitely.

The decision was made because of prevailing low natural gas prices (\$3.35 U.S. per 1,000 cubic feet) and the high cost of drilling in Quebec, where trained crews and equipment have to be brought in from Western Canada and the United States, he said.

"There's no great rush to complete those wells and we hope to resume next spring," he said. "Quebec has yet to develop the local infrastructure that can hold costs down. ... We're working now on our 2011 exploration budget."

Questerre shares fell 27 cents, or almost 14 per cent, to \$1.67 in Toronto yesterday.

But company CEO Michael Binnion says he is convinced the Quebec shale gas deposits can be developed economically and with minimum environmental impact and become part of the province's energy strategy.

"We need local suppliers and drilling crews to lower costs," Questerre spokesperson Karen Carle said. "We also need to know what the province's future industry regulations will be."

Mining industry owes Quebec a better deal

Until recently, Quebec topped Canada's list of the financially friendliest places for mining companies to do business. But Quebecers are coming to realize that the province has often been an easy mark.

The Montreal Gazette
October 20, 2010

Being friendly to mine-owners is fine, but what about being friendly to the owners of the province's mineral wealth -Quebecers? And what about being friendly to the environment?

Revenue figures suggest that Quebecers have been all but giving away their birthright. One study published last year by environmental groups showed that in 2008-09, mining companies in Quebec paid a mere \$31 million in royalties on revenue of over \$6 billion. Newfoundland and Labrador, meanwhile, collected \$303 million on revenue of \$5.3 billion; other provinces take comparable amounts.

Change began in last year's Quebec budget, which modestly increased the mining duties rate from 12 per cent to 16 over the next few years, and tightened deduction rules, which are very significant. The Liberals note that it was a PQ government, in the 1990s, that cut the rate from 18 per cent to 12 per cent.

The government has also introduced Bill 79, requiring stiffer cleanup deposits and otherwise bolstering regulatory oversight.

These are steps in the right direction, but there is much farther to go. The government must not let its eagerness for jobs in remote regions, which after all are not long-term anyway, tempt it to give away our non-renewable resources.

There does seem to be some growing awareness of the need for more balance between public and private benefit. This is especially true in shale gas, an easy target because this new-to-Quebec extraction industry is, fairly or not, alarming many Quebecers.

That has made it easy for Parti Quebecois leader Pauline Marois to take a hard line: A PQ government, she says, would ensure that half the wealth generated by oil and gas exploration ended up in provincial coffers. She cites several ways to do that: royalties, taxes, fees, even a government equity position.

Currently, Quebec charges a relatively modest 12.5-per-cent royalty on natural gas, and gives producers a holiday from royalties for the first five years.

No matter which party is in office, the mining industry knows how to resist pushy governments. The Charest government is no doubt mindful of what happened to Prime Minister Kevin Rudd in Australia:

Saying the industry had shortchanged Australians by \$35 billion, Rudd set out to get much more revenue from resources. But mining firms warned of job cuts and economic disruption, and Rudd's Labour Party soon dumped him, for that and other reasons. Julia Gillard, Rudd's successor, backed down a long way on resource taxes.

In Quebec, there should be room for a win-win resolution. Key elements of a sound new mining policy would include sensible and stable royalty rates; reasonable and well-enforced rules on what costs can be deducted, and strict rules to make sure played-out sites do not linger as toxic blights on our map. Oh, and no government ownership, thank you.

For policy-makers, academics, journalists, and others who normally take great interest in such matters, mining is remote and complicated; there's an out-of-sight, out-of-mind factor which has left the industry under the radar. That's not good enough any more.

Old Harry oil and gas prospect gets a new lease on life

RHÉAL SÉGUIN
Globe and Mail
October 21, 2010

Quebec announced that a draft agreement will be reached with Ottawa this fall on the exploration and drilling of the Old Harry oil and natural gas prospect in the Gulf of St. Lawrence.

Minister of Natural Resources Nathalie Normandeau said she based her optimism on a statement made Thursday in St. John's by Prime Minister Stephen Harper, who said Ottawa was prepared to reach a deal.

"In politics there are sometimes windows of opportunity," Ms. Normandeau said. "In this case you have the Prime Minister, Mr. Harper, who said Quebec deserves to have an agreement. ... I have never seen the planets so well aligned. So let's take advantage of the momentum. Let's hasten the pace of the negotiations with Ottawa."

Mr. Harper said he saw no obstacles to reaching a deal on offshore resources with Quebec, similar to the one signed in the 1980s with Newfoundland and Labrador leading up to the drilling of the Hibernia oil field.

"The government of Quebec has expressed interest in having a similar arrangement for its offshore resources, and the government of Canada is very much interested in having discussions with Quebec to establish that kind of arrangement," Mr. Harper said.

According to Ms. Normandeau, the Old Harry prospect represents an estimated two billion barrels of oil – twice the size of the Hibernia oil field – and maybe as much as five trillion cubic feet of natural gas. The site remains one of the largest untapped hydrocarbon reserves in Eastern Canada and a major source of potential revenue for the government.

Senior Quebec and federal officials have been meeting regularly in the past several weeks to try to strike a deal. Mr. Harper's comments were seen as a sign that Ottawa was serious about reaching an agreement.

“To have the Prime Minister say he wants to settle Old Harry, we haven't heard that from a Canadian Prime Minister in a long time,” Ms. Normandeau said. “This is really encouraging.”

There are still several issues that have to be resolved, including Quebec's share of the royalties. Quebec is demanding to be paid all royalties, as is the case with the Newfoundland and Labrador agreement involving Hibernia. The deal with Newfoundland recognizes Ottawa's right to collect the royalties – before turning them over to the province – largely because the federal government insisted on exercising a 1967 Supreme Court of Canada ruling, which upheld Ottawa's claim over ownership of overseas resources.

Quebec has always refused to recognize federal jurisdiction over the ownership of offshore resources, which has been a major stumbling block to reaching an agreement. The province appears willing to set aside its constitutional demand without abandoning it and sign an administrative agreement to eventually allow exploration and drilling at the Old Harry deposit to begin.

There is also the issue of setting up a dispute settlement mechanism to allow for an independent tribunal to rule on an overseas boundary dispute between Quebec and Newfoundland and Labrador.

The oil field straddles a boundary defined in 1964, which was approved by the four Atlantic provinces and Quebec. However, Newfoundland and Labrador now refuses to recognize the portion of the 1964 boundary that separates the province's offshore area from Quebec and has laid claim to most of the Old Harry offshore oil reserve.

“Quebec will negotiate a deal that takes into account its prerogatives and its needs,” Ms. Normandeau said. “But I'm not going to negotiate here in public and reveal our negotiating strategies.”

An agreement would allow for exploration of the Old Harry site to begin in 2012. That's when the province hopes to lift a moratorium on energy development in the Gulf of St. Lawrence after it receives environmental impact studies.

Try as he might, Charest can't change the subject

By DON MACPHERSON,
The Montreal Gazette
October 23, 2010

Just as Canute demonstrated that a mere king cannot command the tides, Jean Charest is showing this fall that a premier can't dictate the political agenda.

Unofficially kicking off the fall political season at the annual meeting of the Liberal Party's youth wing in mid-August, Charest said he wanted to change the subject of political conversation from ethics to the economy.

The latter, after all, has always been the Liberals' best issue. And Charest can justifiably take credit for Quebec's relatively strong economic performance since the party's re-election in December 2008.

Prompted by the fatal collapse of the de la Concorde overpass in Laval in 2006, his government launched an extensive, long-overdue overhaul of the province's infrastructure the following year.

It's turned out to be the best thing Charest has done in his seven years as premier. Spending and work on the six-year, \$42-billion infrastructure program had already begun when the recession hit in 2008, softening its impact.

As a result, Quebec's unemployment rate, which historically has been higher than Ontario's, is now lower, by more than a percentage point. But the Liberals get no credit for that from the voters.

In Leger Marketing's October survey for The Gazette, only 19 per cent of all voters, and 13 per cent of the Frenchspeaking ones who decide most Quebec elections, expressed satisfaction with the government. A majority of francophones, 53 per cent, said they were not at all satisfied.

So it isn't always the economy, stupid.

Charest has been unable to shift the focus toward the economy as he wanted. And that's partly his fault.

Through most of the first half of the fall sitting of the National Assembly, the hearings of the Bastarache inquiry, which Charest created, helped keep attention on the ethics issue, to the government's disadvantage.

They also gave former justice minister Marc Bellemare a forum in which to make new allegations against Charest, and produced new revelations about the influence of Liberal party insiders and bagmen on appointments.

And the opposition and the media have continued to make revelations of their own. This week, La Presse reported that three-quarters of the directors of major government corporations appointed since the Liberals have been in office had contributed to the Liberal party.

There has been one major new economic story this fall. But the story of shale-gas development is hurting the Liberals rather than helping them.

Yesterday, Le Devoir reported the results of a poll by a firm called Senergis suggesting both opposition to the development and suspicion that the government is more sensitive to the interests of the gas industry than to those of the public are increasing.

That's partly due to what has become general mistrust of the Charest government. But it's also due to the actions of the Liberals themselves.

The government has waved off the concerns of environmentalists and residents of areas where exploratory drilling is already under way, and shown bias in favour of the gas industry.

Seeing only a potential financial bonanza, it has refused to impose a moratorium on the drilling so that the economic and environmental implications of development can be assessed.

It practically dictated that the environmental-impact hearings board, the BAPE, approve development, by giving it a narrow mandate -publicly criticized by 10 former members of the board.

And it has been disclosed that some former Liberal ministerial aides have gone to work for the gas industry as lobbyists. In one case, a minister's chief of staff left his job on a Friday and started to work for the industry the following Monday.

So shale-gas development has become an environmental cause celebre, like the proposed sale of part of Mont-Orford provincial park for a private condo development during the Charest government's first term.

But it has also become yet another ethical issue as well, another case of the government favouring private interests over the public one, and another source of the public's indignation that is rising about Charest like the tide about Canute's throne.

Shale gas fuels debate in Assembly

By KEVIN DOUGHERTY,
The Montreal Gazette
October 28, 2010

Two of the three opposition parties in the National Assembly presented bills yesterday calling for a halt in shale gas exploration and development in the province.

The third opposition party, Action démocratique du Québec, favours development of the unconventional gas. Sylvie Roy, ADQ MNA for Lotbinière riding says her voters don't want "Montreal environmentalists" telling them what to do.

Parti Québécois shale gas critic Scott McKay said his party's Bill 396 takes a "pragmatic, balanced" approach, calling for a suspension of exploration, pending a full environmental assessment.

Amir Khadir, whose Québec solidaire presented Bill 397, calling for a three-year, renewable moratorium, said his party is opposed to fossil fuels, but might consider limited use of shale gas to replace more polluting fuels.

The St. Lawrence Lowlands, between Québec City and Montreal, could hold enough shale gas to meet Québec's needs for 200 years.

Natural Resources Minister Nathalie Normandeau rejected the opposition bills, saying exploration is needed to determine whether Québec shale gas is commercially viable.

Operational woes hit oilsands producers

Nexen, Cenovus shares take a drop

By JEFFREY JONES,
Reuters
October 29, 2010

Nexen Inc. and Cenovus Energy Inc. yesterday said operational problems weighed on their quarterly results, prompting investors to pull away from shares of the Canadian oilsands producers.

The issues were both internal and external, and highlighted the complexities of developing Alberta's oilsands, the largest crude oil source outside the Middle East.

Nexen, Canada's No. 5 independent explorer, earned \$534 million, or \$1.02 a share, up fourfold from a year earlier -\$122 million, or 23 cents a share.

Profit included a net gain of \$522 million on the sale of Western Canadian heavy oil assets.

Cash flow, an indicator of its ability to fund development, rose 28 per cent to \$485 million, or 92 cents a share, from \$379 million, or 73 cents.

Nexen, also known for shale gas development as well as offshore operations in the Gulf of Mexico and North Sea, said production for the year is expected to be in its forecast range of 230,000 to 280,000 barrels of oil equivalent.

The company struggled with outages at the processing plant at its Long Lake oilsands project, where it pumps steam into the ground to loosen up the bitumen so it can be pumped to the surface.

Cenovus, the second-largest energy independent, posted lower than expected operating earnings.

Excluding one-time items, the company earned \$159 million, or 21 cents a share, down 63 per cent from \$427 million, or 57 cents a share.

Analysts, on average, had expected the company to earn 28 cents a share, according to Thomson Reuters.

Cash flow fell 45 per cent to \$509 million, or 68 cents a share, also due to a decline in gas production and lower cash flow from its U.S. refining joint venture with ConocoPhillips.

Cenovus's own operations, including the Foster Creek and Christina Lake oilsands project, were meeting or exceeding expectations.

Net production from the two averaged 58,107 barrels a day, up 25 per cent from last year.

Talisman third quarter profit up, helped by commodity prices

The Montreal Gazette
November 2, 2010

MONTREAL - Calgary's **Talisman Energy Inc.**, a pioneer of Quebec's shale gas exploration, Tuesday posted third-quarter earnings of \$121 million or 12 cents a share, up from \$30 million or 3 cents a share a year earlier. The quarter got a strong boost from higher commodity prices.

Excluding special items, earnings from continuing operations were \$22 million, down from \$95 million a year earlier, because of non-operational factors. Talisman has been through a broad restructuring in the past two years and has recently made several oil and gas acquisitions from Colombia to Norway. It also operates in Southeast Asia, the North Sea, the Mideast and Latin America.

But the company said it remains heavily focussed on shale gas production in Pennsylvania and New York State while launching production in British Columbia and reviewing its 2011 exploration program in Quebec's St. Lawrence Lowlands.

Talisman Q3 earnings jump

Commodity prices give a strong boost

The Montreal Gazette
November 3, 2010

Calgary's Talisman Energy Inc., a pioneer of Quebec's shale gas exploration, yesterday posted third-quarter earnings of \$121 million, or 12 cents a share, up from \$30 million, or 3 cents a share a year earlier. The quarter got a strong boost from higher commodity prices.

Excluding special items, earnings from continuing operations were \$22 million, down from \$95 million a year earlier, because of non-operational factors. Talisman has been through a broad restructuring in the past two years and has recently made several oil and gas acquisitions from Colombia to Norway. It also operates in Southeast Asia, the North Sea, the Mid-east and Latin America. The company said it remains heavily focused on shale gas production in Pennsylvania and New York State while launching production in British Columbia and reviewing its 2011 exploration program in Quebec's St. Lawrence Lowlands.

Oil, gas development in St. Lawrence is frozen to Ontario border

By MONIQUE BEAUDIN,
The Montreal Gazette
November 10, 2010

A moratorium announced last month on oil and gas development in the Gulf of St. Lawrence and the lower part of the river east of Ile d'Orleans applies all the way up the river to the Ontario border, Natural Resources Minister Nathalie Normandeau said yesterday.

And she has asked her department for legal opinions about what to do about shale-gas exploration permits covering the St. Lawrence River in its entirety, issued by the government to seven different companies.

Normandeau said she wants proposals from her department by next spring, when a new law on oil and gas production is to be presented. None of the companies that hold permits for the river have begun doing work, she said.

In September, Normandeau announced a freeze on oil and gas exploration in the river's estuary below Ile d'Orleans after an environmental-impact study showed it posed too much risk to fish and wildlife. Another study is being done for the Gulf of St. Lawrence.

"The ban we announced for the estuary applies to the rest of the river," Normandeau said in an interview.

Yesterday's announcement came after six environmental groups sent Normandeau a letter Monday asking for a ban on the upper part of the river, pointing out that 20 permits had been given to companies to explore for shale gas in 2008 and 2009. They said nearly half of Quebecers get their drinking water from the river, whose shorelines are subject to erosion and is an important site for nesting and migrating birds.

Normandeau's announcement was great news, Andre Stainier, of Les Amis de la vallee du Saint-Laurent, said last night. The environmental groups had asked for an environmental-impact study on the upper part of the river, and Stainier said he was sure it would have concluded the upper part of the river faced the same risks as the estuary.

Today, the Parti Quebecois is to introduce a motion at the National Assembly calling for a shale-gas moratorium in the province until public hearings into the issue finish and the new oil and gas law is ready. But Normandeau said yesterday she has not changed her mind about an industry-wide moratorium.

Chevron bets on shale gas

The Montreal Gazette
November 10, 2010

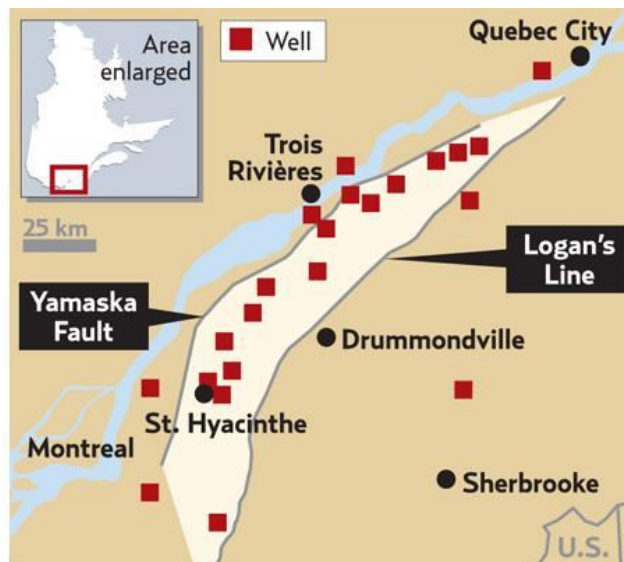
Chevron Corp. will buy Atlas Energy for \$3.2 billion, becoming one of the last big oil companies to jump into the Marcellus shale field. The field in Pennsylvania and surrounding states, one of the largest U.S. natural gas finds in decades, has attracted a crush of industry heavyweights betting that the fuel will become a key global energy source in the coming decades.

In depth: Shale gas exploration in Quebec

By MONIQUE BEAUDIN,
The Montreal Gazette
November 15, 2010

Map of proposed shale gas sites

Photograph by: graphic,
The Gazette



Deep below the farmland and forests of central Quebec lie reservoirs of natural gas that could meet the province's energy needs for 200 years, bring in new revenue to the government and wean trucking companies and factories off high-polluting oil.

But getting shale gas out of the ground could contaminate drinking water, disturb people with loud drilling noise and boost greenhouse-gas emissions in a province that has pledged to be a North American leader in the fight against climate change.

Monday night, public hearings into the sustainable development of the shale gas industry resume. Already 225 people, groups and municipalities have registered to take part in meetings planned for Longueuil, Becancour and St. Flavien. No additional hearings are scheduled. Here's some of what

the commission studying shale gas heard during first round of hearings in October, held in St. Hyacinthe.

MAJOR CONCERNS

Water: Quebec's Environment and Health departments say one of the main concerns with shale gas drilling is the possibility of water contamination.

In Pennsylvania, where shale gas drilling began in 2004, there have been high-profile cases of drinking water contamination because of drilling mistakes. Representatives from the Health and Social Services Ministry said cases have been documented in Ohio, Colorado, Texas and Wyoming. There are other suspected cases where a clear link hasn't been made between shale gas operations and contamination, they added.

The U.S. Environmental Protection Agency is studying the impact of shale gas drilling on water. Its report will be ready only in 2012, which a spokesman for Quebec's environment ministry said was unfortunate.

Industry representatives said they take steps to protect water supplies by having four layers of pipes and cement between the inside of the well and the outside to prevent any contamination of the water table.

Water consumption is also an issue, although industry representatives say they would use less water than existing Quebec industries such as pulp and paper. Fracking a well uses between 2,000 and 34,000 cubic metres of water.

A representative of the Municipal Affairs Ministry said that if hundreds of wells were being drilled every year, existing water-treatment facilities would not be able to accommodate the volume of waste water coming from shale operations.

Noise and dust: According to BAPE Commissioner Nicole Trudeau, when she and other members of the panel visited shale operations in Texas this fall, noise was one of the biggest complaints they heard from people living there. Shale gas drilling is loud and, because of the number of trucks needed to transport drilling equipment and water to the drilling site, dust is also a problem.

A resident of St. Edouard de Lotbiniere, where exploratory drilling has been done, told the commission that she heard drilling noise from a shale well 24 hours a day, seven days a week, and that sometimes she felt like she was living through an earthquake.

Industry representatives said they can take steps such as lowering the speed limits on certain roads, watering the roads to reduce dust, and bar truck drivers from using loud Jake brakes in certain municipalities. If the condition of the roads worsens because of heavy truck traffic, some companies will pay for the repairs. A representative of Talisman Energy Inc. said it has only received three complaints for its nine sites in Quebec. There is an increase in truck traffic when the drilling machinery is brought in, which takes about three days, industry representatives said. Then, during fracking, if water has to be trucked in to the site, there can be as many as 40 tanker truck trips per day for about seven days.

Green house gas emissions: Another question mark around shale gas is the impact it will have on greenhouse gas emissions. While the industry presented natural gas as a cleaner form of energy than oil, it still produces greenhouse gas emissions. Several people at last month's public hearings asked why the government isn't putting more energy into developing low-polluting renewable energies like wind or biomass. They pointed out that both would produce fewer emissions than natural gas.

Representatives from Gaz Metro, the shale gas industry and the ministry of natural resources said producing natural gas in Quebec will reduce the province's emissions as it shifts from more-polluting fuels like oil. The main way that will happen is by persuading the trucking companies, industries and institutions who use oil to switch to natural gas. If they all did that, emissions could drop by as much as 25 to 30 per cent, representatives of Gaz Metro said.

Right now, natural gas is used to meet 13 per cent of Quebec's energy needs. All the natural gas used here comes from Western Canada by pipelines, which emit some greenhouse gases. The emissions from transportation would be eliminated if the gas were produced here. But that also means that Quebec would have emissions produced by natural-gas extraction, which currently are included in Alberta's greenhouse-gas emissions total. But that increase in emissions would be offset by people switching from oil to natural gas, Gaz Metro said.

HOW IT ALL STARTED

For years, shale gas was considered too difficult to get out of the ground, but new techniques have enabled companies to drill vertical wells and then use hydraulic fracturing or "fracking" -injecting water, sand and chemicals into the rock at high pressure -to break up the rock and release the gas.

In 2006 and 2007, oil and gas companies began doing exploratory shale gas work in Quebec in a formation called the Utica shale (named for the city in New York State where there is an outcropping of the formation). Since then, companies have dug 28 wells in Quebec, and used hydraulic fracturing in 15 of them. The industry says its early results show significant reserves of shale gas in Quebec. The Natural Resources Department estimates that there are 40 billion cubic feet of shale gas, enough to supply all of Quebec's energy needs for 200 years.

The industry says it has invested \$200 million in shale gas work in Quebec so far, with about 20 per cent of that staying in local communities. U.S. studies show that for every dollar spent by the oil and gas industry, there are \$5 to \$7 in economic spinoffs in the local areas, on services such as hotels, restaurants and trucking services, said James Fraser, vice-president of Talisman Energy Inc., one of the companies doing shale-gas work in Quebec.

Because the industry is still at the exploratory phase, companies have hired outside workers to drill and fracture the wells. But the government has begun discussions with post-secondary institutions, including the CEGEP de Thetford in Thetford Mines, about introducing shale gas training programs to train Quebecers to do the work.

MONEY AND JOBS

Extracting shale gas could mean lots of money for the Quebec government, in new taxes and as much as \$21 billion in royalties.

The industry is also expected to create jobs. The Finance Department estimates that, within five years, \$1 billion will be invested in the industry per year, creating an estimated 6,100 jobs.

It was unclear how many wells will be drilled in Quebec. The government has issued 121 permits for exploration in the area of the Utica shale. The Natural Resources Department theorized that there would be 250 wells drilled per year by 2020. An industry spokesman said the Utica has the potential to develop like the Barnett shale in Texas, where 12,000 wells have been drilled. But a government spokesman said that just because the industry developed in a certain way in one jurisdiction doesn't mean the same thing will happen in Quebec.

Still, to be commercially viable, a study conducted for the industry said a minimum of 150 wells would have to be drilled per year between 2016 and 2025, and natural gas prices would have to be at least \$5.20 per thousand cubic feet of natural gas. They are currently around \$3 to \$4.

The industry says it costs about \$10 million to drill a well, because workers and equipment have to come from outside Quebec. Over time, that is expected to drop to about \$4 million per well.



(Left to right) Jacques Locat, Nicole Trudeau, Pierre Fortin, and Michel Germain being the opening statements during the public hearings by the Bureau d'audiences publiques sur l'environnement (BAPE) on the shale gas industry held at the Hotel des Seigneurs in St. Hyacinthe, 60 kilometres east of Montreal

Photograph by: Dario Ayala, THE GAZETTE

THE GOVERNMENT'S ROLE

With the rapid growth of shale gas exploration, Quebec is updating its oil and gas legislation. The industry is currently governed by mining, forestry and environmental regulations.

The Bureau d'audiences publiques sur l'environnement is studying how the shale gas industry can be sustainably developed. But the commission has been mired in controversy. Usually it has access to independent studies it can use to come to its conclusions; in this case, Environment Minister Pierre Arcand used a special part of the law governing the BAPE to skip that step. Several people attending the first round of meetings questioned how the commission can do its job, given the restrictions put on it by the government.

The industry is controversial too. An October poll found 76 per cent of Quebecers want the government to stop any further shale gas exploration until environmental-impact studies are done. Well-known Quebecers, including actor Roy Dupuis and singer Diane Dufresne, also called for a moratorium.

The BAPE commissioners have visited Texas, where shale gas production has been taking place since the early 1980s, and plan to head to Pennsylvania this year. They've heard from the shale gas industry, provincial ministries of health, environment, municipal affairs, natural resources and public security, as well as independent experts.

PROPOSED SITES

The Utica shale deposit is in the St. Lawrence Lowlands, between Montreal and Quebec City, mainly on the southern side of the St. Lawrence River. That's where 28 exploratory wells have been drilled so far. Twelve companies have been given 121 permits covering more than 2 million hectares above the Utica shale. At public hearings, government representatives said most future wells are likely to be drilled in the corridor between Yamaska Fault and Logan's Line.

That's also where a large swath of the province's agricultural lands are.

The map above shows exploratory shale wells drilled in Quebec so far. More than one well has been drilled in some locations.

HOW IT WORKS

Workers use equipment trucked into the province to drill wells between 1,500 and 2,000 metres deep, first vertically and then horizontally. Cement and steel pipes are placed inside the well to prevent contaminating underground water.

Water is brought by pipeline or truck to the drilling site. The companies need the permission of the Environment Department to take the water.

The water is mixed with sand and chemical additives and injected into the well to break up the rock and let the gas seep into the well. About half of that mixture stays in the rock, and the rest comes up to the surface. Industry representatives said they plan to recycle that water to use in other drilling operations. The rest will be tested and treated at municipal or industrial water-treatment facilities.

Companies have to give the government a list of the chemicals they use. A list made public during the hearings included toxic substances and at least one known carcinogen and pesticide.

OTHER SHALE OPERATIONS

There are several large shale deposits in North America, including British Columbia, Alberta, Texas, Ohio, New York, Pennsylvania, Oklahoma, Colorado and Wyoming. Exploration or production of gas is taking place in all those areas.

New York State put a moratorium on issuing any new shale gas permits until next May while the state department of environmental protection sets out new drilling guidelines. Existing operations are continuing there.

Representatives of the Pennsylvania Department of the Environment's Bureau of Oil and Gas Management told the hearings that they have been tightening regulations governing shale gas operations to prevent pollution caused by shale gas activity. There have been incidents where, during drilling, methane gas was able to seep into groundwater supplies, and companies have been fined and required to provide to clean water in certain areas.

Shale gas hearings off to raucous start

protest erupts Panel chief warns crowd to stay calm

By MONIQUE BEAUDIN,
The Montreal Gazette
November 16, 2010

Opponents of shale gas development in Quebec press their demand for an immediate moratorium on exploration during a rally at the Longueuil hotel where hearings are being held.

Photograph by: PHIL CARPENTER, THE GAZETTE, The Gazette



Shale gas development got a rough ride in Longueuil last night, where public hearings continued into the industry.

Before last night's session, dozens of people demonstrated outside Longueuil's Sandman Hotel, where the hearings are being held this week by the Bureau d'audiences publiques sur l'environnement.

The protesters carried placards calling for a moratorium on further shale-gas development in Quebec.

Commission chairman Pierre Fortin began last night's hearing with a warning to the crowd of about 150 people packed into a small hotel ballroom to refrain from showing approval or disapproval as they listened to the presentations. Dozens more waited in the hall outside.

The commission heard from several individuals and environment groups yesterday, including Nature Quebec, Greenpeace Quebec and Equiterre, which called on BAPE members to ask the provincial government for more time to do its study, at least until the United States Environmental Protection Agency completes its report into the impact shale-gas drilling can have on water supplies. That report isn't expected until 2012.

Equiterre also said the BAPE should recommend a moratorium on any further development of the industry.

But the commission also heard about the positive side of shale-gas development. The Conseil du patronat, Quebec's largest employers' group, said if the industry is developed responsibly, Quebec

could benefit from new revenues and jobs, a reduced price for natural gas and improved energy security.

The Montreal-based company Gastem, which has drilled shale wells in the St. Lawrence Lowlands south of the St. Lawrence River, told the commissioners it is possible to create an “exemplary” shale-gas industry here by making industry operations more transparent.

The city of Longueuil and Montreal municipal party Projet Montreal also called for stricter regulation of the oil and gas industry in Quebec. The province is drafting a new oil and gas law.

The hearings resume today.

See our Green Life blog for more on shale gas in Quebec: www.montrealgazette.com/greenlife

Petition targeting Charest growing fast

Calls for premier to quit; target is 100,000 names

By Kevin Dougherty,
The Montreal Gazette
Quebec Bureau
November 16, 2010

Quebec’s Premier Jean Charest speaks during the question period at the National Assembly in Quebec City last month. The premier has said it is his top priority to get an ethics code passed.

Photograph by: Jacques Boissinot, Reuters pool



QUEBEC - Less than 24 hours after it was launched, an online petition calling for the resignation of Premier Jean Charest, has over 78,000 signatures.

The petition will remain online until Feb. 15. Anthony Leclerc, the 18-year-old Quebec City high school student, who is co-sponsor of the petition, said the goal is 100,000 signatures.

The National Assembly started online petitions in October 2009.

The previous high number of signatures was 42,024, collected over three months on a petition, presented by Parti Québécois MNA Bertrand St-Arnaud, calling for a public inquiry into the construction industry.

Amir Khadir, the Québec solidaire MNA for Montreal's Plateau Mont-Royal Mercier riding, has agreed to present this petition next March when the assembly resumes for its spring sitting.

Leclerc said he and his partner in the Mouvement citoyen national du Québec, which has 41,800 Facebook supporters, approached several MNAs, but only Khadir agreed to present their petition.

Leclerc said the group is non-partisan and was started after the Charest government's budget last spring, which proposed spending cuts and new health taxes.

"We want to show that simple citizens can change things," Leclerc said.

The petition offered three reasons why Charest should resign: his refusal to call a public inquiry into the construction industry, his refusal to impose a moratorium on shale gas development and his refusal to negotiate the spending cuts.

Democracy - Internet style

In a virtual version of mob rule, thousands of Quebecers have signed a crackpot petition saying Charest should go - and the media treat it like it is serious news

By L. IAN MACDONALD,
Freelance
November 17, 2010

In the minds of many Quebecers, Premier Jean Charest can't do anything right.

Photograph by: MATHIEU
BELANGER REUTERS,
Freelance



In the Internet version of mob rule, some 46,000 people signed an online petition within 24 hours of it being posted, calling for Premier Jean Charest to resign over his refusal to appoint an inquiry into the construction industry, and the government's decision to develop shale-gas deposits in Quebec.

The petition -which hit 100,000 names by mid-day yesterday -was posted at the National Assembly website on the home page of Quebec solidaire MNA Amir Khadir.

This is how democracy works in the empowered world of cyberspace. People vote with their fingers instead of their feet. If you don't like something, just put up a page on Facebook and your friends will give it up a thumbs up.

What makes this news is not 100,000-plus people signing a crackpot petition, it's the mainstream media reporting it as serious news. CBC Radio reported this out of Quebec City yesterday, saying the petition had "gone viral."

The renewed calls for an inquiry into the construction industry, in which connections with the mob are widely alleged, followed closely on the murder of the last Montreal godfather, 86-year-old Nicolò Rizzuto, killed by a single bullet shot by a sniper through his kitchen window, and accorded a funeral in the grand style. Mario Puzo couldn't have made it up, but it must be said that Montreal has the best mob shootings of any city in North America.

Parti Quebecois leader Pauline Marois sanctimoniously lectured Charest on his duty to appoint an inquiry. Not to be outdone, ADQ leader Gerard Deltell called Charest "the Godfather," implying his government was either married to, or run by, the Mafia.

Since Deltell did not say this on the floor of the legislature, but at an ADQ meeting, he had no legal immunity, and a furious Charest immediately demanded a retraction. When Deltell instead repeated it, Charest put him on legal notice, threatening to sue if he didn't retract the comments by 5 p.m. yesterday.

This would be the second person Charest has threatened to sue this year, and the premier actually followed up and sued his own former justice minister, Marc Bellemare, for \$700,000 for his crazy comments that judicial appointments were rigged by Liberal bagmen. While he was at it, Charest also appointed Michel Bastarache to head an inquiry into Bellemare's allegations.

This quickly turned into the lawyers' ball, with more than 20 attorneys appearing before the one-man commission, which sadly degenerated into a complete farce. This was the only commission of inquiry where newspaper stories, complete with anonymous quotes, were read into the record as evidence.

But, hey, the televised hearings had higher ratings than Canadiens hockey, at least before the real Carey Price finally showed up. And never mind that Charest was clearly telling the truth before Bastarache, and Bellemare was obviously delusional, three times as many people believed the former minister's version of events.

Which is just another way of saying Charest is unpopular and, sure enough, the latest Leger poll for The Gazette confirms what we already know. The PQ leads the Liberals province-wide by four points. And Pauline Marois, whom Quebecers really don't like, is preferred by voters over Charest by 39 to 28 per cent as best premier. The level of dissatisfaction with the Charest government clocks in at an astonishing 78 per cent, which means that even many Liberal voters are unhappy with Charest. This is a very bad number for Charest, since the tipping point for a government's dissatisfaction rate going into an election is usually 60 per cent. And this is a government that, only a year ago, had a satisfaction rate in the 50s.

It's a government that, as Charest pointed out the other day, has steered Quebec safely through the Great Recession and come out of it with a lower unemployment rate than Ontario or the United States. When was the last time a Quebec premier was able to make that claim after a recession? Never.

Quebec's unemployment rate of eight per cent in October was just above the national rate of 7.9 per cent. But in September, at 7.7 per cent, Quebec's jobless rate was actually below the national average of eight per cent. Meantime, Ontario's unemployment rate was still 8.6 per cent last month, while in the U.S. the unemployment remained near double digits at 9.6 per cent. Nearly 15 million Americans are out of work and millions more have given up trying, which tells you all you need to know about what Barack Obama himself called his "shellacking" in the midterm elections.

Charest is trying to change the conversation from ethics to the economy.

It's symptomatic of his problems in changing the channel that the mainstream media report petitions from cyberspace as serious news. In a democracy the only petition that counts is on election day, and in Quebec that's still more than two years away.

Opposition to shale gas drilling unexpectedly strong

By PETER HADEKEL,
The Montreal Gazette
November 17, 2010

Raymond Savoie rolls his eyes when asked about the public uproar over shale gas drilling in Quebec. “We get a lot of heartburn,” he jokes.

Savoie is president and chief executive of Montrealbased Gastem Inc., a junior exploration company with stakes in 13 wells, largely in the St. Lawrence Lowlands.

That’s where a potentially giant deposit of natural gas resides. Until this summer, Gastem and others were having no problems raising money from investors to finance test drilling.

Now, with high-profile public hearings under way at Quebec’s environmental assessment agency, the Bureau de d’audiences publiques sur l’environnement, there’s a lot more uncertainty in the air.

Stocks of companies active in the area have been hammered as opponents of shale gas drilling demand a moratorium on further exploration. They’re concerned about the environmental risks posed by hydraulic fracking, the technology used to free up gas from shale formations.

A mixture of water, sand and chemicals is forced underground at high pressure, fracturing the rock and releasing the gas.

Savoie says there is a lot of misinformation about the effects of fracking, but he welcomes the BAPE hearings. “We need rules to play the game. Once everybody knows what the rules are, we can go ahead.”

A former revenue minister in the Liberal government of Robert Bourassa, Savoie knows a thing or two about political issues. But even he was surprised at how opposition to shale gas drilling built so quickly.

“It sort of began this summer. Up until April and May, there was some reasonable and logical concern on the part of some citizens groups, but we were always discussing (matters) with them. The tone was finding solutions and moving ahead.”

Then came the massive BP oil leak off the coast of Louisiana and public perceptions about the oil and gas industry changed dramatically. “People had it in their face all summer long.”

By September, the difference in the tone of Quebec citizens’ groups was palpable, he says. “The mobilization just kicked off. Groups that were getting very little public attention all of a sudden got a lot of attention.

“Where we had a consensus, the consensus just disappeared.”

Savoie, who made a presentation to the BAPE this week, argues that the industry can be developed in a sustainable and low-risk way in Quebec.

“The misconceptions” about potential water contamination from fracking “are enormous,” he says.

For example, when a horizontal well is drilled there’s “zero chance” that water or gas from the fracking will migrate through the rocks and show up at the surface two kilometres away, Savoie says.

“That’s a myth. That’s not going to happen. It’s now established that there is no scientific basis” for such a claim.

“But it’s believed, because it’s been stated by the press.”

It’s true, however, that water can be contaminated as a result of improper cementing or casing at the surface. “That’s a real issue, and it’s one we’re striving to address.”

Concerns grew after cases in Pennsylvania where drilling companies were alleged to have done improper casing and were fined by the state.

Savoie believes the importance of the shale gas resource for Quebec is “huge,” calling it the biggest new energy source since the days of massive dam building by Hydro-Quebec.

It means being able to move from diesel or oil fired activity to gas, “which is a lot cleaner.”

Shale gas will give Quebec the energy it needs for at least two generations, until renewable energy solutions kick in, he says.

“We need to continue our exploration work to get at that gas. There’s no ifs, ands or buts.

“There’s huge quantities of gas in there but so far the (test) results have been difficult, some of them are good, some of them are not. This is all about numbers, and we’ve got to get better numbers.”

He believes the potential revenue to the provincial government and municipalities will be substantial. And he sees Quebec towns as key players in the industry’s future.

Working with communities on how to extract shale gas is the only sustainable way forward, he argues.

Not sustainable

The Montreal Gazette
November 20, 2010

Re: “Opposition to shale gas drilling unexpectedly strong” (Gazette, Nov. 12).

One of the first concepts we study in the Grade 11 contemporary world course I teach is sustainable development. Our textbook defines it as “the utilization of a resource in such a way that it will be preserved for future generations.”

In his article, Peter Hadekel twice repeats a company executive’s claim that shale gas can be developed sustainably. If industry’s plans go through, it’s obvious that the gas won’t be preserved for future generations, and the executive admits that the fracking process can contaminate water tables.

If Hadekel understood sustainable development better, he would’ve taken the opposition to shale gas development more seriously instead of describing the executive rolling his eyes and joking about those who criticize his industry’s plans.

Dan Saragosti Montreal

218,000 – and counting – sign Jean Charest resignation petition

Premier mired in allegations of corruption

The Montreal Gazette
November 22, 2010

Quebec Premier Jean Charest has been unable to shake mounting allegations of corruption.

Photograph by: Francis Vachon, Gazette file photo



MONTREAL - Less than a week after it was made public, the online petition calling on Premier Jean Charest to resign has reached more than 218,000 signatures.

By 6 p.m., more than 218,000 people had signed the petition, which is posted on the National Assembly website. The petition was launched last Monday by the Movement citoyen national du Québec.

It calls on Charest to resign because he has not called an inquiry into links between party financing and the issuing of government contracts, nor put in place a moratorium on shale-gas development in Quebec.

Meanwhile, Laval's opposition party has posted its own petition, calling on Mayor Gilles Vaillancourt to resign in the wake of allegations that he offered two MNAs illegal cash donations.

That petition had 300 signatures Sunday morning.

The Charest petition can be found [here](#).

The Vaillancourt petition can be found [here](#).

Charest petition gets more than 213,000 signatures

The Montreal Gazette
November 22, 2010

Less than a week after it was made public, the online petition calling on Premier Jean Charest to resign has reached more than 200,000 signatures. By 7 p.m. yesterday, more than 213,000 people had signed the petition, which is posted on the National Assembly website. The petition was launched last Monday by the Movement citoyen national du Quebec. It calls on Charest to resign because he has not called an inquiry into links between party financing and the issuing of government contracts, nor put in place a moratorium on shale-gas development in Quebec. Meanwhile, Laval's opposition party has posted its own online petition, calling on Mayor Gilles Vaillancourt to resign in the wake of allegations that he offered two MNAs illegal cash donations. That petition had 457 signatures yesterday evening.

Corridor drilled on disappointing results

Postmedia News
December 8, 2010

Corridor Resources Inc. shares dropped 30 per cent yesterday after the company released disappointing drilling results from two shale gas exploration wells drilled in the Frederick Brook play near Elgin, southern New Brunswick. Halifax-based Corridor said the G-41 horizontal well did not show gas and G-59 showed a negligible amount.

TransCanada moves to halt ‘death spiral’ in gas shipments

Nathan VanderKlippe

Calgary— From Friday’s Globe and Mail

Published Thursday, Dec. 09, 2010 6:56P

TransCanada ([TRP-T](#)38.400.250.66%) is giving up \$550-million in revenue as it seeks to arrest a “death spiral” in tolls on one of its most important pipeline networks.

In the face of continued steep declines in Canada’s natural gas ([NG-FT](#)3.880.010.31%) production, the company has proposed substantial - and controversial - changes to the way it collects pipeline tolls, slashing the amount it charges on its massive eastbound Mainline system and raising rates on its Alberta network.

The moves come as TransCanada grapples with the dramatic shifts in North American gas supply. The energy industry’s new-found ability to tap enormous pools of shale gas in places like Pennsylvania has brought a surge in U.S. domestic supplies and wreaked havoc with the Mainline system by both hurting prices - and therefore the economics of Alberta gas - and displacing some of the need for supply from Western Canada.

TransCanada has agreed to delay collection of some past revenue it is due and give back nearly all of the toll increase it imposed last year, in hopes that it can preserve a long-term business model for the half-century-old Mainline system. As a result, the company will forego \$550-million in revenue over the next three years, but says it will recover that money over time.

In doing so, it hopes to halt a “death spiral,” an industry term that describes how rising tolls can hurt gas production - which can in turn spur even higher tolls.

“We feel that it is important for us to ensure that the pipeline remains competitive,” said Steve Pohlod, vice-president of the commercial east division for TransCanada.

The deal will see Mainline tolls drop by 25 per cent, effective Jan. 1, 2011. To compensate, TransCanada will collect 12.5 per cent more in tolls on its Alberta system, which feeds the oil sands and other gas pipelines owned by competitors. TransCanada has secured the agreement of the Canadian Association of Petroleum Producers for the new structure, which has now been submitted to the National Energy Board for approval.

The changes are controversial, with some industry players accused TransCanada of shifting costs from those who buy gas in Ontario and Quebec to those who produce it in the West.

“It seems like a very inappropriate transfer of costs from the people who signed a contract to ship on TransCanada to the Alberta producers,” said John Rossall, chief executive officer of ProspEx Resources Ltd., a small gas producer. He called on TransCanada to shoulder even more of the burden itself, predicting industry pushback in coming months.

Alan Boras, a spokesman for gas giant Encana Corp., however, called it a “step in the right direction” that “moves tolls closer to competitive numbers.”

TransCanada’s problems stem largely from falling gas production, which has resulted in lower volumes and a kind of reverse economy of scale that has increased the toll for every gigajoule - the unit of energy upon which rates are based - sent through the Mainline pipe.

Since 2007, Canadian gas output has fallen by 13 per cent. That tumble has come amidst a long decline for the Mainline system, which after running at peak capacity in the late 1990s, is now more than half empty.

The result has been substantial hardship for companies that move natural gas on its lines, and who have for the past year seen a huge chunk of their gas sales revenues eaten up by tolls. In late 2009, TransCanada raised the Mainline toll by 38 per cent, to \$1.64 per gigajoule (GJ), on gas moving the systems’ entire length. For most of 2010, prices for Alberta gas have hovered just below \$4 per GJ - meaning those tolls alone ate up more than 40 per cent of income for producers shipping the length of the Mainline. That’s a major hit to an industry that has already been forced to curtail some production on weak prices and has watched many of its remaining wells teeter on the edge of losses.

And it could have been far worse: Had TransCanada not made changes, tolls would have climbed to \$2.45 per GJ - a move that could have forced higher-cost gas companies to stop producing.

“If the Mainline was suddenly uncompetitive, we’re basically going to have to shut in three billion cubic feet a day of gas” - or 21 per cent of current Canadian output - “and nobody wants to do that,” said Chad Friess, an analyst with UBS Securities.

The new toll structure “is good news,” he said. “\$1.23 is actually fairly competitive against some of the other export pipelines

People of the Year: the pushbackers

By HENRY AUBIN,
The Montreal Gazette
December 16, 2010

Marchers leave the exit ramp of Highway 720 onto Rose de Lima St. in April to demand that the Turcot Interchange project be built to a more human scale.

Photograph by: Phil Carpenter, The Gazette



It's that time to write about the "person of the year" – that is, the person who has most influenced the Montreal metropolitan region over the past 12 months, for better or for worse.

A year ago, the person was not a single individual but a type of person, the investigative journalist – that is, the six reporters from five media outlets who rocked the region as well as the rest of the province with revelations of scandalous public-works contracts. This year, the choice is again a type of person, the "pushbacker" – that is, the citizen who is pushing back against government actions or inaction.

We've seen the rising influence of such citizens – many of them middle class, middle age or older – in many different fields ranging from transport policies to city governance. The pushbackers might not be winning their battles outright but they are forcing politicians to heed their views and make concessions.

The trend reflects a rising mistrust in government. The blizzard of exposés showing unethical if not illegal dealings by municipal and provincial officials intensifies this skepticism.

The Internet also helps energize the trend. It makes it easier for citizens to inform themselves about issues and organize resistance.

This is not the same thing as the not-in-my-backyard syndrome. NIMBY is a defensive reflex against actions that affect one's narrow, self-centred interests (whether they be zoning changes or higher tuition fees). The spirit of contestation I'm talking about reflects more of a social conscience. To be sure, the attitude predates 2010, but it was in the course of this year that it has made its impact most felt.

You can see its influence, for example, in the intense controversy over two of the major highway projects here – Quebec’s proposed overhaul of the Turcot Interchange and the city’s plan for the Bonaventure expressway.

True, some people near the sites have raised NIMBY-type arguments, but in both cases the brunt of the criticism at public hearings was broader: The premise was that transport policy must reflect the fight against climate change and other environmental imperatives – meaning fewer cars, more public transit.

The critics were often sufficiently knowledgeable about transport issues to challenge the planners themselves on equal terms. In the case of the Turcot, for example, about 20 urban-planning professors, architects and graduate students collaborated on a book (*Montreal at the Crossroads*) devoted to critiquing the original plan. That an entire book should challenge a planned project is extraordinary in Montreal.

Reflecting the public’s complaints, Montreal’s three parties proposed a counterplan for Turcot. Result: Quebec last month substantially modified the Turcot, although not substantially enough for many critics. City hall has also met critics of its Bonaventure plan part way.

The Turcot book’s sober, cool-headed approach to protesting typifies much of the pushbacking movement.

The Pimento Report on YouTube, for example, provides trenchant commentary on development and social issues in the west end by Patrick Barnard, a veteran teacher at Dawson College.

Another example of cerebral pressure: Almost 400 academics, grad students and professionals in urban affairs – people not known for activism – met two weeks ago to serve notice to inertia-struck municipal politicians that the Communauté métropolitaine de Montréal’s plan to curb sprawl, already five years’ late, had better have real teeth. The conference’s sponsor was the Institut de politiques alternatives de Montréal, a year-old watchdog over municipal government co-founded by Dmitri Roussopoulos, Phyllis Lambert, Dinu Bumbaru and other old pros on the civic-activist scene.

This same greying generation is behind another remarkable initiative, this time sponsored by the Board of Trade – until lately known more as a reflexive cheerleader of city hall’s actions than as a thoughtful critic. In March, the board’s panel of veterans from the city’s business elite and retirees from the provincial mandarinat wrote a report reflecting their impatience with Montreal’s immobilisme. They said that new mega-projects were far less important for Montreal than unglamorous structural changes in municipal decision-making. Heading the panel were Marcel Côté and Claude Séguin. Their recommendations provide useful insight for future reform.

Nowhere is pushing back more energetic than in the popular opposition to the provincial government’s desire to permit a headlong exploitation of Quebec’s carbon resources, namely shale gas, and oil.

This protest movement is widespread throughout the St. Lawrence Valley, mostly in rural areas but also on the periphery of the Montreal area in such towns as St.-Basile-le-Grand, Otterburn Park, St. Hyacinthe and St. Marc-sur-Richelieu.

Many middle-class property owners, including farmers, worry that shale-gas exploitation might pollute the aquifers from which they draw their water, but the public's concerns also transcend that NIMBY-tinged issue. The idea of tapping shale gas as well as oil (in the Old Harry site in the Gulf of St. Lawrence) troubles the conscience of many people, including Montrealers. Quebecers have felt good about being among North America's leaders against climate change, and they can't reconcile that virtuous self-image with giving a free rein to the gas-and-oil industry here (particularly since the number of jobs and amount of provincial income might be disappointing). The protests have caused the government to show itself as less permissive, at least for now.

A common denominator in many of these push-back issues is Projet Montréal, the smaller of the city's two opposition parties. It's been involved in the Turcot, Bonaventure and anti-sprawl fights. It sounded the alarm on shale gas, pointing out that two companies share gas-exploration rights for Montreal Island and demanding (in vain) that the city hall ask Quebec for the power to prevent exploration.

Projet has become a political expression of the pushback movement, although many pushbackers might find it too radical. In the one borough where it holds a majority of seats, the Plateau, it has all but declared war on the omnipresent car. It has plans to direct through traffic to circuitous routes, install parking meters on residential streets and, to many merchants' dismay, hike parking fees.

In sum, the pushbacking represents a refreshing change from the past passivity regarding the conduct of local affairs. It used to be the young who were impatient with and mistrustful of the political establishment. Now their elders feel the same way, and they're doing something about it.

Quebec study of potential shale gas pollution needs broader mandate: Cirque founder

By Amy Minsky,
Postmedia News
December 20, 2010

Cirque du Soleil founder, Guy Laliberte, gestures while speaking at a press conference outside Moscow in Star City seen in this file photo.

Photograph by:
Dmitry Kostyukov,
AFP/Getty Images



Quebec’s environment ministry should have been given a larger mandate to study the effects of extracting shale gas, Guy Laliberté, a philanthropist and creator of the Cirque du Soleil, said Monday.

Laliberté was discussing the progress of his One Drop Foundation, the charity that seeks to fight poverty through worldwide access to clean water. One of the main concerns about the extraction of shale gas is that the process may contaminate groundwater.

“What I can say right away is that we think the mandate should be made bigger,” Laliberte said. “There’s an obligation to be very, very careful when considering the decision.”

Quebec’s interest in shale gas — a natural gas stored inside rocks, deep in the ground, and known as shale — has elicited considerable protest from environmentalists and residents in the province. But extracting shale gas is nothing new to the western provinces.

Premier Jean Charest tasked the office of environmental public hearings with undertaking consultations on the province’s extraction and sale shale gas — a resource it is believed to have large amounts of.

“Over the long term, we’ve seen in the United States where peoples’ well water has become contaminated, so their domestic water use is threatened,” said Karen Campbell, staff counsel with Pembina Institute. “It’s risky, because there’s a lot of uncertainty. If we don’t have baseline studies,

and we don't have a full understanding of what the pathways are for waterways underground, then we don't know where we're putting contaminants when we're drilling underground."

The process used to extract the gas stored inside the deep shales is called hydraulic fracturing — injecting water, sand and chemicals into the rock at high pressures to break up the rock and release the gas.

"The risk depends somewhat on geology," said John Bennett, executive director of the Sierra Club Canada. "But in all cases, you have to drill through the water table in order to reach the shale. And as a result, there's a real opportunity for a small leak or crack in the pipe to end up contaminating the groundwater with significant chemical pollutants."

Industry representatives and Ottawa walk a similar line, noting that hydraulic fracturing has been used more than one million times in North America over the past 60 years.

"It's not a new practice," said Kerry Guy, manager for natural gas advocacy with Canadian Association of Petroleum Producers. "It's only new in certain areas, where they haven't had oil and gas production before . . . It's new for Quebec. And for something that's new, there's always a lot of uncertainty around that."

The process has been used for more than half a century in British Columbia, Alberta and Saskatchewan, he said, noting that the provinces have strict regulations — including how the wells are drilled — in place to protect surface water.

"We've never seen any percolate fluids that we put a thousand or two thousand metres below the surface make its way back up into fresh water supply," he said. "It's never been an issue brought to the industry's attention for investigation."

Shale is a strategic resource that could provide a number of economic benefits to the country, said Paul Duchesne, a spokesman with Natural Resources Canada.

"North America has significant shale gas resources, now estimated to represent over 100 years of supply," he said. "Our abundant supply of clean-burning natural gas would help strengthen Canada as a clean energy superpower."

Talisman sells 50% of shale gas assets

South African giant buys northeast B.C. share for \$1.05B

By DINA O'MEARA,
Postmedia News;
Calgary Herald
December 21, 2010

“This is a strategic move toward unlocking some of the value of our Montney assets,” Talisman CEO John Manzoni says. Photograph by: TODD KOROL REUTERS FILES, Postmedia News; Calgary Herald



Talisman Energy Inc. has sold 50 per cent of its Farrell Creek shale gas play in northeast B.C. to South African petrochemical giant Sasol for \$1.05 billion, the companies said yesterday.

The joint venture will allow Calgary-based Talisman to develop an estimated 9.6 trillion cubic feet of unconventional natural gas -almost a quarter of the company's stake in the Farrell Creek play, representing about 27 per cent of Talisman's gas-rich Montney leases.

The companies also will study the feasibility of building a gas-to-liquids plant in Western Canada, according to Talisman

“This is a strategic move toward unlocking some of the value of our Montney assets for us and our new partner, consistent with the strategy of de-risking and developing Talisman's very large shale opportunities in the region,” chief executive John Manzoni said in a statement.

Yesterday's deal represents Sasol's first acquisition of shale -a move that will increase its gas portfolio and lay the foundation for future gas-to-liquids plants in North America.

The Johannesburg-based energy and mining corporation will pay approximately \$260 million in cash at closing, and carry 75 per cent, or up to \$790 million of Talisman's future capital commitments in Farrell Creek. Talisman will continue to operate the properties and associated facilities.

Sasol said, if feasible and approved, a gas-to-liquids plant in the region would be bigger than its flagship 34,000 barrel per day facility in the Middle East. Sasol technology transforms lower cost energy sources like coal into lower-carbon fuels like synthetic diesel.

“With the technology advances that we have developed in-house we will be looking at a bigger facility than we have in Qatar and in Nigeria,” said Leon Strauss, a senior group executive said in a conference call.

Farrell Creek production is expected to exit this year at 40-60 million cubic feet equivalent per day. The company's processing plant has expanded to 120 million cubic feet equivalent per day, Talisman said.

Analysts saw the deal, expected to close by mid-2011, as a positive.

“Although the deal will not lower the Montney break even price of \$4 per million cubic feet, we estimate that Talisman can improve its initial rate of return in Farrell from nine per cent to 40 per cent,” said UBS analyst George Toriola, in a morning note to clients.

“Following the Hess (Indonesia), BP (Colombia), and Enduring Resources (Eagle Ford) acquisitions, the Sasol partnership keeps Talisman's cash position strong, and we anticipate the company will look to make opportunistic acquisitions going forward.”

Writing on the wall for Mackenzie pipeline

By DEBORAH YEDLIN,
Postmedia News
December 21, 2010

When business leaders, politicians and public policy wonks ask what went wrong with the Mackenzie Valley natural gas pipeline, they will likely be answered with two words: Institutional failure.

It doesn't matter a whit what the National Energy Board said Dec. 9, when it rendered its final decision approving the mammoth project. That window is shut tight.

The shale gas phenomenon and all that it implies has pretty much guaranteed that there is no need for the gas to flow from the Beaufort Sea down to Alberta and beyond.

Imperial Oil, which has taken the lead on the \$16.2-billion project, still has to negotiate the fiscal terms with the federal government for it to sanction the project. And those terms must be negotiated before the company can file a toll for the line before the end of next year. It's as if the NEB has given with one hand, but taken away with the other.

When Jim Prentice took his seat in the federal cabinet, the buzz was that he was the guy who was going to get Mackenzie across the finish line. Prentice had everything, it appeared, to make it happen. As someone who had worked with First Nations on the legal side, he understood the challenges. He had very good connections into the oilpatch, which meant he could access any expertise at a moment's notice. Hopes were high. But when Prentice left politics in November, whatever hopes that seemed to exist for Mackenzie ever moving ahead evaporated.

There is no question Mackenzie constitutes a missed opportunity.

Times have changed since the project was revived. The outlook for natural gas was much different; the future was to be supply constrained and prices were forecast to continue to rise. With the development of shale gas fields closer to markets, the North American natural gas landscape has inextricably changed. Even if Imperial goes ahead by the 2015 deadline, by the time the 1,200-kilometre pipeline is in service the world will be different again.

Still, the drop in natural gas drilling and resultant drop in natural gas volumes is causing shipping costs to rise; on that basis, anything that fills the pipe might be welcomed. Even then it is tough to justify with a \$16-billion price tag, natural gas prices at \$4 per thousand cubic feet and the huge distance from markets.

When Mackenzie was originally conceived, the world was different.

If, as someone said two weeks ago, it had gone ahead in the 1970s the economics would have eventually worked and we could be looking at a completely different world in terms of natural gas. But with shale gas aplenty, natural gas prices will need to be at least double what they are today for such a project to make economic sense.

Cirque creator joins shale gas protest

'There's an obligation to be very careful' before approving production

By AMY MINSKY,
Postmedia News
December 21, 2010

Quebec's environment ministry should have been given a larger mandate to study the effects of extracting shale gas, Guy Laliberte, a philanthropist and creator of the Cirque du Soleil, said yesterday.

Laliberte was discussing the progress of his One Drop Foundation, the charity that seeks to fight poverty through worldwide access to clean water. One of the main concerns about the extraction of shale gas is that the process may contaminate groundwater.

"What I can say right away is that we think the mandate should be made bigger," Laliberte said. "There's an obligation to be very, very careful when considering the decision."

Quebec's interest in shale gas -a natural gas stored inside rocks, deep in the ground, and known as shale -has elicited considerable protest from environmentalists and residents in the province. But extracting shale gas is nothing new to the western provinces.

Premier Jean Charest tasked the office of environmental public hearings with undertaking consultations on the province's extraction and sale of shale gas -a resource it is believed to have large amounts of.

"Over the long term, we've seen in the United States where peoples' well water has become contaminated, so their domestic water use is threatened," said Karen Campbell, staff counsel with the Pembina Institute. "It's risky, because there's a lot of uncertainty. If we don't have baseline studies, and we don't have a full understanding of what the pathways are for waterways underground, then we don't know where we're putting contaminants when we're drilling underground."

The process used to extract the gas is called hydraulic fracturing -injecting water, sand and chemicals into the rock to break it up and release the gas.

"The risk depends somewhat on geology," said John Bennett, executive director of the Sierra Club Canada. "But in all cases, you have to drill through the water table in order to reach the shale. And as a result, there's a real opportunity for a small leak or crack in the pipe to end up contaminating the groundwater with significant chemical pollutants."

Industry representatives and Ottawa walk a similar line, noting that hydraulic fracturing has been used more than 1 million times in North America.

"It's not a new practice," said Kerry Guy, manager for natural gas advocacy with Canadian Association of Petroleum Producers. "It's only new in certain areas, where they haven't had oil and

gas production before ... It's new for Quebec. And for something that's new, there's always a lot of uncertainty around that.”

The process has been used for more than half a century in B.C., Alberta and Saskatchewan, he said, noting that the provinces have strict regulations in place to protect surface water.

BAPE gets extension on shale gas report

Public consultation attracts 200 briefs

By KEVIN DOUGHERTY,
The Montreal Gazette
December 22, 2010

Provincial Environment Minister Pierre Arcand has granted the Bureau des audiences publiques sur l'environnement a 24-day extension to complete its report on the impact of developing shale gas deposits.

“We clearly indicated that if the BAPE needed more time to complete its report, we would give it to them,” Arcand said yesterday. “This is what we have done.”

The BAPE, Quebec's public consultations body, was to report by Feb. 4. An aide to Arcand said the minister granted the extension, until Feb. 28, requested by BAPE president Pierre Renaud.

The BAPE held public hearings in the fall, in areas between Quebec City and Montreal where shale-gas exploration companies have staked claims and intend to develop gas wells.

The BAPE received more than 200 briefs.

Residents living near areas where shale gas wells would be developed are concerned that provincial legislation does not allow them to say no to a shale-gas well on their property.

They are also concerned that “fracking,” the process of pumping water and chemicals under pressure into the horizontal wells to release the gas, may pollute their groundwater and could lead to natural gas coming into their homes through water taps.

These undesired side-effects have been observed in other jurisdictions where shale gas has been developed.

In addition to the public hearings, which ended in November, members of the BAPE panel evaluating the impact of shale-gas development met with industry and government officials, as well as environmentalists, in Calgary, Texas, Pennsylvania and New York State.

They also heard views from British Columbia by video conference.

BP blowout a wake-up call for Quebec

By MONIQUE BEAUDIN,
The Montreal Gazette
December 27, 2010

A hard hat from an oil worker lies in oil from the Deepwater Horizon oil spill on East Grand Terre Island, Louisiana June 8, 2010. Energy giant BP Plc said on Tuesday it had sharply increased the amount of oil it was capturing from its blown-out Gulf of Mexico well, but U.S. officials want to know exactly how much oil is still gushing out.

Photograph by: Lee Celano,
Reuters



Eight months after British Petroleum's well burst in the Gulf of Mexico, repercussions from the environmental disaster are still being felt -in Quebec.

The April 20 explosion off the Louisiana coast killed 11 people and led to the largest marine spill ever. An estimated five million barrels of oil leaked into the gulf, seeping into sensitive wetlands, washing up onto beaches, and shutting down parts of the coastal fisheries.

The world saw images of an oil slick on top of the waters of the Gulf of Mexico, cleanup operations that sent clouds of black smoke billowing into the sky, and animal-rehabilitation organizations cleaning up oil-covered pelicans and other birds.

The BP spill came as Quebec was beginning its own foray into fossil-fuel exploration. This year, exploratory oil drilling was done on Anticosti Island, companies drilled for shale natural gas south of the St. Lawrence River, and Quebec said it wanted to begin exploring the Old Harry oil and gas deposit about 80 kilometres from the Iles de la Madeleine.

Opponents to shale-gas drilling held loud demonstrations and disrupted public meetings this fall, while people living along the shorelines of the Gulf of St. Lawrence and on the Iles de la Madeleine are demanding a moratorium on offshore drilling. The spectre of the BP oil spill was raised in both cases.

"The spill in the Gulf of Mexico has helped raise awareness and open people's minds to this issue," said Jean-Patrick Toussaint, an environmental scientist at the David Suzuki Foundation.

"People suddenly realized this could happen here and are we ready for that?"

In the wake of the oil spill, his organization and three others formed the St. Lawrence Coalition, a group pressuring Quebec for a moratorium on offshore drilling in the Gulf of St. Lawrence. An oil spill simulation created by the David Suzuki Foundation showed the impact a 10,000-barrel per day spill on the coastlines of Quebec and the four Atlantic provinces. Depending on the season, oil could wash up on the shores of each of the five provinces, the simulation shows.

“The Gulf of St. Lawrence is six times smaller than the Gulf of Mexico, so even a small spill could have huge consequences,” Toussaint said. “All five provinces surrounding the gulf depend on fisheries and tourism for their economies.”

In September, after an in-depth environment study and pressure from citizens and environmental groups, Quebec Natural Resource Minister Nathalie Normandeau announced that the ecosystems of the St. Lawrence River’s estuary, from Ile d’Orleans east to Anticosti Island, as well as the northern part of the Gulf of St. Lawrence, were too sensitive to allow any more drilling.

“Our government has always maintained that exploration of development of fossil fuels in a marine environment had to be done in a perspective of sustainable development and should not be done at any price,” she said.

Toussaint said he believes Quebec has heard the concerns of citizens and environmental groups like his who feel they weren’t consulted enough about shale gas or offshore drilling.

“I think they have heard, but the question is whether or not they will do something about it,” he said.

“It’s one thing to be independent in terms of energy, but we also have to ask at what cost?”

Natural gas leaks from wells no cause for concern: officials

By Michelle Lalonde
Gazette environment reporter,
Montreal Gazette
January 5, 2011

The fact that natural gas is leaking from 19 of 31 shale gas wells in the Lower St. Lawrence is no cause for concern, officials in Quebec's Natural Resources department said Wednesday.

"It is not a worrisome situation, or anything out of the ordinary, but of course we are following it closely because we want to ensure that we waste as little as possible of this resource, which is a collective resource," said Sébastien Desrochers, director of the oil and gas sector in the Ministry of Natural Resources.

The department revealed information about the well inspections in a written response to a question from the Bureau d'audiences publiques sur l'environnement. The public watchdog agency is examining environmental impacts of shale gas exploration and exploitation in the province and is to present a report to the Environment department by the end of February.

The document, dated Dec. 7 and posted on the BAPE website, showed that 31 shale gas wells have been inspected at least once by Natural Resource department inspectors and that at 19 of the sites, natural gas was detected at ground level.

The leaky wells are located in 13 different municipalities, all in the St. Lawrence Lowlands: Saint François du Lac, Bécancour, Saint Louis, Saint David, La Visitation de Yamaska, Saint Jean sur Richelieu, Champlain, Leclercville, Saint Édouard de Lotbinière, La Présentation, Fortierville, Saint Barnabé Sud, and St. Hyacinthe.

But Desrochers said it is normal for natural gas to escape when any kind of drilling is done in soil or rock where natural gas is present. He said all of the sites are isolated and far from residences, and that the "very small" amounts of gas that are leaking pose no danger to human health or the environment.

He added that none of the 31 sites inspected are currently operating, and that several have been permanently sealed because the companies decided conditions were not good enough for exploitation at these sites.

And an industry representative said the document has raised concerns unnecessarily because it does not explain the drilling process, nor say how much gas was detected.

"We are not talking about a dangerous amount of gas," said Stéphane Gosselin, executive director of the Quebec Oil and Gas Association, which represents Quebec companies involved in shale gas projects.

“We are talking about very small quantities. These companies are not in the business of sending natural gas into the air; these projects are designed to capture it,” said Stéphane Gosselin, adding natural gas often escapes when people drill drinking water wells in areas where natural gas is present in rock or soil.

But environmental groups were not reassured by the responses from either the Natural Resources department or the industry group.

“We don’t buy that,” said André Bélisle, of the Association québécoise de lutte contre la pollution atmosphérique.

“First of all, why do we have to fight to get answers to these questions? We have been asking (about gas escaping from wells) from the beginning. Now we find out that gas is escaping from two-thirds of the wells drilled so far.”

He said the news is more reason for the government to bring in a moratorium on shale gas exploration until there is a strict new law in place to regulate the shale gas industry.

Although proponents of shale gas exploitation say natural gas from shale offers a cleaner alternative to other fuels, some environmental groups say the industry as a whole may increase Quebec’s greenhouse gas emissions.

Some studies have found that when the impacts of methane leaks and other emissions from shale gas exploitation are included in the tally, shale gas produces more greenhouse gas than coal and fuel oil. There are also concerns about water contamination, overconsumption of water, and noise from drilling.

Bélisle also expressed concern that the Department of Natural Resources, and not the Environment department, has been responsible for inspecting and reporting on shale gas operations.

“The ones who did these inspections are the same ones who have been vigorously promoting this industry all along,” he said.

Although drilling for natural gas in Quebec’s shale rock formation began in the late 1800s, new technology that makes extraction and exploitation profitable has only come on line in the past few years. The 31 wells inspected were all drilled between 2006 and 2010.

Leaks no problem: ministry

The Montreal Gazette
January 6, 2011

The fact that natural gas is leaking from 19 of 31 shale gas wells in the Lower St. Lawrence is no cause for concern, Quebec's Natural Resources Department said yesterday. "It is not a worrisome situation or anything out of the ordinary," said Sebastien Desrochers, the department's oil and gas sector director. Information about the well inspections was prompted by a question from the Bureau d'audiences publiques sur l'environnement. The watchdog is examining environmental impacts of shale gas exploration and exploitation in Quebec, and is to present a report next month.

It's safety, baby, safety when drilling for oil

The Montreal Gazette
January 13, 2011

Last spring, as millions of barrels of oil poured from a blasted BP well in the Gulf of Mexico, Quebecers were riveted -with cause. The explosion and subsequent environmental devastation in the warm, tranquil waters of the gulf came just as Quebec was setting off on its own drilling adventures in far less hospitable places.

Last year, exploratory oil drilling was carried out on Anticosti Island. Oil and gas companies drilled for shale gas in the St. Lawrence River and for oil and gas in the deep seas of Old Harry, 80 kilometres off the Iles de la Madeleine.

If there were lessons to be drawn from the BP spill -the worst in U.S. history -Quebecers wanted to know them. This week, they found out that behind the spill was an industry culture of complacency and cost-cutting coupled with impotent and underfunded government oversight agencies. On Tuesday, the National Oil Spill Commission issued its key finding: The explosion was preventable.

The commission suggested that safety seemed to run a poor second behind financial considerations, saying, "Whether purposeful or not, many of the decisions that BP, Halliburton and Transocean made that increased the risk of the Macondo blowout clearly saved those companies significant time (and money)."

The commission did not say the gulf explosion was an isolated problem. Instead, it talked about an industry-wide culture of complacency about safety. This is the same industry that wants to start exploring and extracting oil and gas from Canada's offshore sites and off its coastlines. The federal

and Quebec governments need to step back and commission their own investigation into the safety and sustainability of oil and gas extraction in Canadian waters and low-lying lands.

In Quebec, the shale gas industry is champing at the bit, with plans to drill anywhere from 1,000 to 7,000 wells in the province. The Charest government wants to go ahead, having already granted dozens of oil and gas companies permits to drill along the St. Lawrence valley.

Many Quebecers, on the other hand, want a moratorium. Last month the Quebec environmental-protection agency, BAPE, reported to the Natural Resources Department that it had found leaks in more than half the shale gas wells it inspected. The government was fast to say the leaks pose no danger, but has been slower to provide proof.

Extracting Quebec's reportedly large reservoirs of shale gas involves a potentially environmentally invasive technique called fracking, in which water, sand and chemicals are blasted into rock to get to deep underground wells. Quebec is waiting to hear in March from a group it appointed to look into any problems connected with shale gas extraction.

But if Quebec is at least acknowledging the concerns of its residents, the federal government has refused to expand its review of offshore drilling rules. Arctic offshore drilling will come under review, but not drilling practices or plans off Canada's east and west coasts. This is a critical omission: A Halifax-based company, Corridor Resources, which has held a lease on the Quebec side of Old Harry since 1996, is drawing up plans to drill in the Newfoundland and Labrador part of the deep-sea basin.

A uniform set of rules designed to put safety first should be the goal of Ottawa and resource-rich provinces. After the gulf disaster, Canada should have learned that if safety is ignored, the cost can be staggering. Quebecers, for one, have made it clear they don't want to pay the price.

NEB rejects TransCanada bid to hike gas toll rates

NATHAN VANDERKLIPPE

Globe and Mail

January 14, 2011

The National Energy Board has rejected an attempt by TransCanada ([TRP-T](#)38.400.250.66%) to radically recalculate the amount it charges to transport natural gas across Canada, after Ontario electrical generators warned the proposed changes could drive them out of business.

Though the board's rejection is not final – TransCanada still has another chance to make its application for change – it illuminates the massive stakes involved as Canada's natural gas producers and users struggle to cope with a revolution in their business.

In fact, how the National Energy Board (NEB) ultimately decides to structure tolls on TransCanada's Mainline system - a half-century-old network of pipe that brings western gas to eastern users - could substantially affect the fate of numerous companies that rely on that system.

The problems have been sparked by dwindling gas production in western Canada, which has fallen by 13 per cent since 2007. As the rapid development of huge new North American shale gas pools in places such as Texas and Pennsylvania squeezes out Alberta production, the Mainline system, which ran at full capacity in the 1990s, is now more than half empty.

That has created a sort of reverse economy of scale. Because TransCanada has a regulated entitlement to certain overall revenue from the Mainline system, any decrease in the quantity of gas flowing through it raises the amount the company charges per unit of gas.

The impact has already been severe: In late 2009, TransCanada raised the Mainline toll by 38 per cent. But as industry warned that further increases would create a "death spiral," TransCanada proposed dropping Mainline tolls by 25 per cent for 2011. In exchange it proposed raising tolls on its short-haul pipe networks in Alberta and Ontario, which run separately from the Mainline.

It asked that this new rate structure be accepted on an interim basis starting Jan. 1. The NEB rejected that, but left the door open to an approval later in 2011 of a final toll based on the TransCanada proposal, which would then be applied back to the beginning of the year. But the NEB said it "is not appropriate for such fundamental changes to be implemented on an interim basis in the face of significant opposition."

In a statement, TransCanada said it was "disappointed" by the ruling.

Opposition to the plan stems from the size of the rate hikes on the short-haul system, which are so large they have sparked a quietly waged battle between the giants of Canada's industrial complex. In a letter to the NEB, Goreway Station Partnership LP, Thorold Cogen LP and York Energy Centre LP calculate that their costs on short-haul shipping would rise by 78 per cent if the TransCanada proposal is accepted – enough to potentially drive them out of business. Rates on other parts of the Ontario short-haul system would more than double.

“To allow these short-haul toll increases would, by any measure, constitute ‘rate shock,’” the power generators write. “Such a precipitous toll increase would wreak economic damage on the [Greater Toronto Area] generators, compromising their continued viability.”

Numerous other groups also oppose the toll changes, including the national Industrial Gas Users Association, Enbridge Gas Distribution Inc., Alberta Northeast Gas Ltd. and Gaz Metro.

But a broad assortment of energy producers support them, including Shell Canada Ltd., Talisman Energy Inc., Cenovus Energy Inc. and Encana Corp. They, along with the Canadian Association of Petroleum Producers and the Industry Gas Consumers Association of Alberta, are supportive of any change that helps the West.

The government of Alberta also warns that without adopting the TransCanada plan, “Canadian gas may not be able to commercially connect to crucial markets.”

TransCanada’s new tolls, if adopted in their entirety, provide “a reasonable sharing of costs and risks between all major stakeholders,” the government wrote.

What the NEB must now decide is who must shoulder more of those costs: those who use the pipeline, or TransCanada, which owns it.

“It’s a zero-sum game,” said Ian Mondrow, a Gowling Lafleur Henderson LLP lawyer who has represented Ontario electrical generators. “There are costs and they need to be paid by somebody. Either they’re recovered from ratepayers, or absorbed by the shareholder – which obviously TransCanada would balk at.”

My Top 10 wishes for the Montreal region in 2011

By HENRY AUBIN,
The Montreal Gazette
January 15, 2011

Early days of the new year are a time to think about what ideally ought to happen over the next 12 months. Here, in no special order, are my Top 10 hopes for the Montreal metropolitan region in 2011.

* The Surete du Quebec's Operation Marteau task force should nail enough major figures in the construction industry to stop people deriding Premier Jean Charest's claim that police work is as good as a public inquiry for cleaning up corruption. The 15-month-old operation has so far only produced arrests of a few small fry.

* The Quebec government should consider public financing of provincial and municipal election campaigns, a technique to curtail the political leverage that special interests achieve via financial donations. The technique gained momentum this month when New York's new governor, Andrew Cuomo, said his state would join Arizona and Maine in adopting it. By paying for candidates' campaigns, taxpayers can arguably save money in the long run: Less public money gets wasted on profligate contracts.

* The Quebec government should approve a request by Mayor Gerald Tremblay for legislation gradually scaling

back pension entitlements of municipal workers across

Quebec. Those entitlements represent an unreasonable burden to taxpayers: Municipal workers' total remuneration is about 30 per cent greater than that of their provincial counterparts. (Tremblay says he'll make the request shortly.)

* Quebec Education Minister Line Beauchamp should raise universities' tuition-fee increases from \$100 to \$500 per year until those fees, now Canada's lowest at \$2,415 per year, reach the Canadian average, now \$5,138. (She should raise financial aid to needy students.) On Dec. 6, Beauchamp and Finance Minister Raymond Bachand said tuition would rise but they didn't say how much. Montreal's long-term prosperity depends on universities producing a savvy workforce, and that takes good funding.

* Quebec Public Works Minister Robert Dutil should learn from the police shooting of Freddy Villanueva and

push for an independent squad of civilian investigators to probe such incidents. Testimony at an ongoing coroner's inquiry into the Villanueva case has destroyed the last scrap of credibility of the current practice, in which police investigate police.

* The mayors of off-island suburbs should cease resisting tough controls on sprawl when the Communauté métropolitaine de Montréal draws up a land-use plan. Provincial law (Bill 58) requires it to do so by Dec. 31.

* Quebec Transport Minister Sam Hamad should nix Aeroports de Montréal's proposed shuttle train to Trudeau airport and support the rival project by the Agence métropolitaine de transport. The former plan would serve only travellers; the latter would serve both travellers and West Island commuters.

* The Tremblay administration should end years of dithering over how to make motorists pay more for public transit. It should abandon its recently revived idea of charging tolls: bridge tolls would deter off-islanders from coming to the city and thus encourage employers and entertainment venues to spring up off the island. The city should push for a regional gas tax, which would do no such harm to the city. Unlike tolls, it would also cost nothing to administer.

* Education Minister Beau-champ should ditch the idea of artificially boosting the meagre voter turnout at school-board elections by holding them the same day as municipal elections. More people than ever would vote with little knowledge of issues or candidates. Better a small turnout of informed voters than a superficially impressive turnout inflated by people checking off a candidate's name on a whim.

* The Charest government should declare a moratorium on exploitation of shale gas, whose deposits lie on the fringes of the metropolitan region and much of the St. Lawrence Valley. The government needs to balance its zeal for this resource with far more environmental rigour than it has shown to date.

Bear in mind that these hopes are not the same thing as predictions. Given the torpor, laxity and loyalty to special interests that have afflicted Montréal in recent years, I wouldn't be surprised if none of these desired developments comes to pass.

Quebec should ‘go slow’ on shale gas: experts

By Michelle Lalonde,
Environment Reporter
The Montreal Gazette
January 15, 2011

Opponents of shale gas development in Quebec press their demand for an immediate moratorium on exploration during a rally in November 2010.

Photograph by: Phil Carpenter,
Gazette file photo



MONTREAL - Quebec should hold off on shale gas drilling until serious environmental, economic and legal questions about the industry can be answered, a panel of U.S. and Quebec experts told a packed public meeting in Mont St. Hilaire Saturday.

“The government of Quebec should look to Pennsylvania, and monitor how it is dealing with its problems with shale gas,” said Robert Howarth, a professor of ecology and environmental biology at Cornell University who has studied the environmental impacts of the shale gas industry in the U.S.

“Quebec should go slow and wait until these problems are solved before choosing what is now a messy and dirty process that contaminates the air and the water.”

Howarth was one of four experts invited by a Mont St. Hilaire citizen’s group to a round-table discussion called Why the Exploitation of Shale Gas in Quebec Should Wait. The group charged \$10 a head and still managed to attract nearly 400 people to the meeting.

Exploration drilling for shale gas - natural gas trapped in shale rock - has only begun in earnest in the past few years in central Quebec, because the technology for extracting the gas in a cost-effective way has been available for only about a decade. Most of the interest is in the St. Lawrence Lowlands between Montreal and Quebec City, mainly on the south side of the St. Lawrence River, where at least 31 wells have been drilled so far.

The provincial government has been keen to move ahead quickly with shale gas development, touting potential for jobs and economic spinoffs, but environmental groups have been calling for a moratorium on drilling until questions about water and air pollution are answered.

The province's environmental watchdog agency, the BAPE, is examining the environmental impacts, and is to present a report to the government by the end of February. The environment department then has 60 days to render that report public.

But Howarth and others on Saturday's panel said the BAPE is ill-equipped to analyze the impacts of the industry in such a short time. He said the Quebec government would be wise to wait for the results of a major analysis undertaken by the U.S. Environmental Protection Agency, that will take at least another two years to complete.

This echoes a report released this week by Quebec's public health authority, which concluded that Quebec could make a better decision on shale gas if it waited for the EPA's report. The Institut National de Santé publique du Québec report called for prudence considering the lack of information regarding health risks related to air and water contamination.

That report also cited "quality-of-life issues" for communities near shale gas extraction sites, such as increased truck traffic, noise, light and vibration.

Howarth said studies are showing that the "fracking" process, where water is mixed with sand and chemicals and pumped into deep wells to break up the rock to force the gas up and out, has resulted in drinking water contamination in Pennsylvania, Colorado and Texas.

In Pennsylvania, where water is plentiful (as it is in Quebec), huge amounts of water are used in the process, and this water must be treated. In some cases, the waste water was trucked to municipal sewage treatment plants, which are not equipped to remove certain contaminants.

"The scale of water use and water contamination is massive," he said. "No good solution for the waste problem has been developed yet. The industry is working hard and has some creative ideas that it is experimenting with, but the technology is not there yet."

Howarth and his colleagues at Cornell have also done studies comparing greenhouse gas emissions of various fuels.

"Shale gas has been promoted by the industry as being better for global warming than other fossil fuels ... but the science on this is very weak. Our analysis ... showed shale gas is certainly worse than oil and probably substantially worse than coal as well in terms of greenhouse gas (emissions)."

Normand Mousseau, a Université de Montréal physics professor who has written a book on the shale gas industry called *La Révolution des gaz de schiste*, told the audience the economic case for shale gas development in Quebec has not been made. A public debate on how the province and land owners should be compensated and how the industry should be taxed is necessary, he noted.

"Even if the BAPE says yes, everything is fine (in terms of environmental impact), we are not ready until we have an economic structure in place as well," Mousseau said, adding such a debate would take four or five years.

Mario Denis, a lawyer with the Centre Québécois du Droit de l'environnement, said the environment department has been violating its own laws by authorizing permits for drilling but not publishing the types and amounts of chemicals being pumped into the ground.

Organizers said the high attendance at the event shows how much interest there is in the shale gas issue, and strengthens calls for the government to stop the drilling until more is known.

“Shale gas is like a lightning rod that has set fire across the St. Lawrence Valley ... I’ve never seen anything like this in 20 years,” said Steve Timmins, a member of the Comité mobilisation gaz de schiste Mont St. Hilaire.

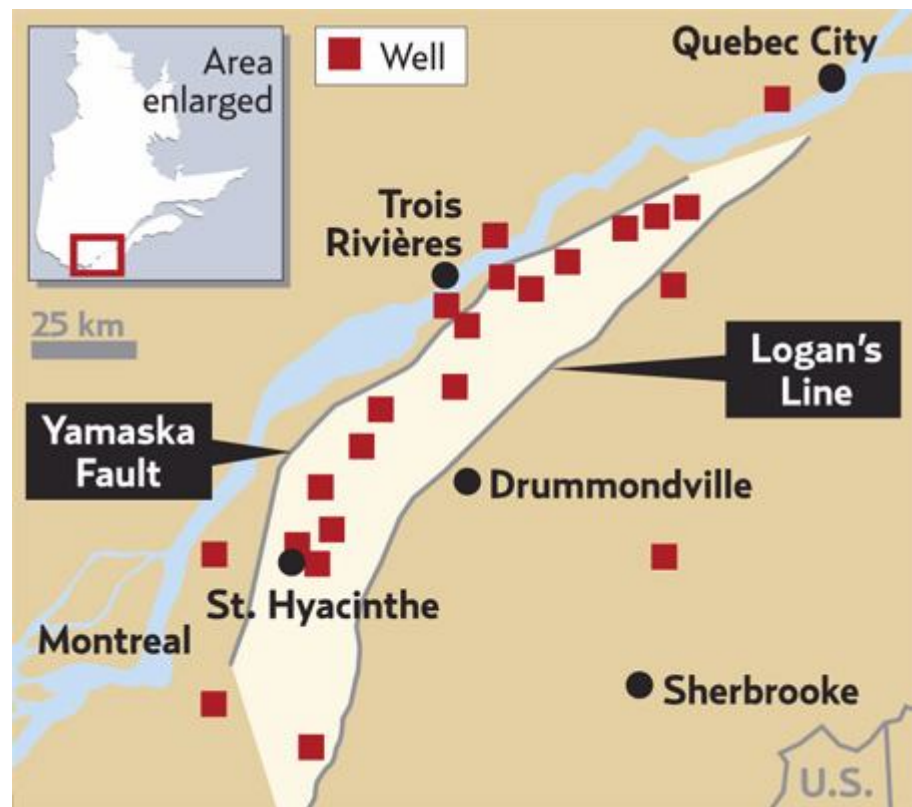
Leaks found at shale gas wells

By Monique Beaudin,
environment reporter,
Montreal Gazette
January 18, 2011

Map of proposed shale
gas sites

Photograph by: graphic,
The Gazette

MONTREAL -
Government inspectors
found natural gas leaks at
nearly a dozen Quebec
shale-gas wells in
November and December
that could potentially
have caused water
contamination or
explosions, say new
documents deposited with
the public consultation into shale-gas development.



The inspectors visited all 31 of Quebec’s shale-gas wells during that period, and found two kinds of natural-gas leaks: 19 cases of leaks inside the casing of the well, which is designed to control gas from leaking, and 11 others where gas had migrated outside the well.

The Ministry of Natural Resources report said it met with the companies that own the wells within days of discovering the leaked gas, which could have come from pockets of gas either close to the surface of the ground, or from deeper underground.

The main consequences of the gas leaks are the release of greenhouse gas emissions, and the loss of the natural-gas resource, the ministry says in the document deposited with the Bureau d'audiences publiques sur l'environnement.

The migrated gas posed two risks: contamination of nearby aquifers, or the possibility of explosions. An explosion could only occur if the gas collected in a closed area, if there were methane concentrations of 5 to 15 per cent, and if there was a source of ignition, such as a spark, the document says.

Inspectors found shale-gas well leaks

By MONIQUE BEAUDIN,
The Montreal Gazette
January 18, 2011

Government inspectors found natural gas leaks at nearly a dozen Quebec shale-gas wells in November and December that could potentially have caused water contamination or explosions, says a new document filed with the public consultation into shale-gas development.

Inspectors from the Natural Resources Department visited Quebec's 31 shale-gas wells during that period, and found they were all in an "acceptable" state, and were well secured. But the inspectors found two kinds of naturalgas leaks during their visits: 19 cases of leaks inside the casing of the well, which is designed to control gas from leaking, and 11 others where gas had migrated outside the well. Of those 11, the gas was found close to the well in all except one case, where it was detected 10 metres from the well, the report said.

The report said department officials met with the companies that own the wells within days of discovering the leaked gas, which could have come from pockets of gas either close to the surface or from deeper underground. The companies were required to give the ministry a report detailing the number of leaks, a description of the leaks and the risk they posed. It also requested a report from the companies explaining what steps they had taken to remedy the situation.

The main consequences of the gas leaks are the release of greenhouse gas emissions and the loss of the naturalgas resource, the department says in the document.

The migrated gas posed two risks: contamination of nearby aquifers, or the possibility of explosions. An explosion could only occur if the gas collected in a closed area, if there were methane concentrations of five to 15 per cent, and if there was a source of ignition, such as a spark, the document says.

Last month, the ministry told the BAPE that leaks had been discovered at 19 wells. It played down the risk of the leaks, saying it was normal for natural gas to escape during drilling, and that the wells were isolated and far from residences.

Shale gas: Health report outlines the risks but finds little in the way of hard data

By HENRY AUBIN,
The Montreal Gazette
January 18, 2011

In its obsequious embrace of the shale-gas industry, the Charest government has not done any original research into the risks that such a venture might pose for health and the environment. The health ministry did, however, mandate its Institut national de sante publique du Quebec to review everything ever published relating to such risks. Good idea.

The institute's preliminary study sheds useful light on potential dangers. No, it doesn't say that perils are inherent in development, as many environmental groups had hoped. Nor does it say that conscientious development can avert all problems, as the gas industry has insisted.

Rather, the institute in effect throws up its hands in despair. Its study concludes that no one really understands the risks -and this despite the fact shale-gas exploitation has been going full steam in much of the U.S. and in western Canada since the 1990s.

This unawareness is not reassuring. The study says there are many warning signs of problems -but no proof. Many states and some provinces have given a green light to this industry without knowing the risks.

Here are some findings:

-| There have been reported explosions at drilling sites, leaks of gas into the atmosphere, spills of stored toxic liquids, etc. But the "frequency of such incidents is poorly documented and the surveillance (of sites) has not been systematic." Consequently, it is "impossible to estimate the frequency" of such events and to assess the degree of risk that shale-gas exploitation poses.

-| "It is probable that increases in air pollution (involving nitrogen oxide, sulphur and volatile organic compounds) will be localized near the sites" and that workers and nearby residents would be at risk. But "no data exist that might support this hypothesis."

-| Drilling operations involve injecting potentially toxic chemicals into water, and this cocktail could contaminate the underground water supply. But "no in-depth study exists on the shale-gas exploitation's water-related effect on health."

-| Cases of suspected contamination of underground water from drilling operations have been reported, including explosions in nearby homes because of methane-laced tap water. But no empirical evidence exists that drilling operations are responsible for this contamination.

-| The question of what would happen to this dubious water after it resurfaces and is taken to municipal sewage-treatment plants is an "important issue." But "we do not possess information on

the efficaciousness and availability of these plants in Quebec” for extracting these particular contaminants.

-In the event rural municipalities’ sewage-treatment plants could not handle this water, millions of litres of it would have to be stored in retention basins for long periods. But more needs to be known about the risk of such basins leaking.

In short, the study finds an abundance of risks, but research has been too meagre to pass scientific judgment.

Alas, the Charest government has already passed political judgment. Nathalie Normandeau, the minister of natural resources, acknowledged that information is lacking but said more could be obtained while companies continue exploring. No such rigorous research is in the works, however.

The government’s mandate to its environmental-review agency, the BAPE, does not allow it to see whether Quebec should approve the next step, actual exploitation. Rather, the mandate limits the BAPE to recommend ways to accommodate exploitation environmentally.

Normandeau says that after the BAPE completes its report she will travel to municipalities destined for exploitation to give out information. That’s a laugh. The whole point of the institute’s study is that hard information on drilling’s dangers does not exist.

Not yet anyway. But it might well exist in early 2012. That’s when the U.S. Environmental Protection Agency is expected to complete a two-year investigation into the same questions that have so frustrated the institute.

Approval of exploitation before this new information is available would be irresponsible.

Shale gas: Charest government dismisses popular support for a halt to drilling

Charest government dismisses popular support for a halt to drilling

By DON MACPHERSON,
The Montreal Gazette
January 18, 2011

Last month, in an attempt to improve his image, Premier Jean Charest made a series of appearances on French-language television shows, some with audiences of over a million.

The result? The latest Leger Marketing poll for The Gazette and Le Devoir (snipurl.com/1v28c6) shows no significant change in Charest's popularity among francophones.

Charest's problem is not that he somehow still lacks personal exposure after nearly 13 years as Quebec Liberal leader. Rather, it's what he and his government have been doing in office.

And too often in those nearly eight years, Charest's government has appeared to favour influential private interests over the public one.

Examples in his first term were his government's abortive attempts to sell off part of the Mont-Orford provincial park to a condominium developer and secretly to extend full public funding to private Jewish schools.

More recently, the past year has seen disclosures of the government's favouring Liberal contributors in making appointments and awarding lucrative permits for private daycare centres.

And then there's its increasingly shameless shilling for the shale-gas industry.

The controversy that

erupted last year over shalegas development in this province gave us the English word of 2010 in Quebec politics.

It's "fracking," short for hydraulic fracturing, the process for extracting natural gas trapped in underground rock formations.

It consists of pumping a mixture of water and chemicals, some of them toxic or carcinogenic, at high pressure through a hole drilled into the formation to fracture the rock, releasing the gas.

Environmentalists and

people living near gas wells blame the process for causing pollution in ground and surface water and in the air and health problems in humans and animals.

Even in Quebec, where the government has not yet given permission for full-scale shale-gas exploitation, rural residents have complained that their quality of life has already suffered because of ground tremors, noise and pollution at nearby exploratory well sites.

Yet the Charest government, so quick to condemn Alberta's "dirty" oilsands development, dismisses the overwhelming support among its own constituents for a temporary halt to drilling while the implications of shale-gas exploitation are assessed. It thinks the people who elected it don't know what's good for them.

With the typical carelessness of a tired second-term government, this one scarcely bothers trying to conceal that it is in bed with the shale-gas industry, which last year hired away some Liberal ministerial aides as lobbyists.

The government has ordered the environmental-impact hearings board, the BAPE, to rubber-stamp shale-gas development in a hasty study on how it should be regulated, not whether it should go ahead in the first place. The report is due next month. The mandate is so narrow that 10 former members of the board complained publicly about it.

Last Friday, the province's public-health institute reported to the BAPE that even at the exploratory stage, shale-gas development creates health risks.

All the more reason to continue exploration, said Natural Resources Minister Nathalie Normandeau, the head cheerleader for the shale-gas industry, so the risks can be assessed -by using nearby residents as lab rats.

And even the minister of health, who is a medical doctor by profession, didn't seem worried. Even without reading the report, Yves Bolduc knew it didn't show any "particular problem."

So, Quebec, prepare to get fracked -by the Charest government as well as the shalegas industry.

Questerre delays Quebec shale gas projects

BERTRAND MAROTTE

Globe and Mail

January 18, 2011

A key player in the development of shale gas extraction in Quebec is holding off on two major projects in the province's St. Lawrence lowlands, citing uncertainty over environmental and regulatory issues.

Calgary-based Questerre ([QEC-T1.580.031.94%](#)) says it has decided to delay plans for seismic work and construction of a natural gas pipeline in the St-Édouard region southwest of Quebec City until the provincial environmental public review agency releases its report on shale gas and the Quebec government introduces updated oil and gas legislation.

The company said it also wants to assess results of its two horizontal wells.

Questerre president and chief executive officer Michael Binnion said he's disappointed in the postponement – which means delays in the creation of local jobs and payments to landowners – but pointed out that the vast majority of St-Édouard residents back the project.

“We are confident in the benefits of shale gas development for Quebec,” he said in a news release issued on Monday.

Release of the report from Quebec's Bureau des audiences publiques sur l'environnement has been delayed several weeks to Feb. 28, while the revised legislation is expected in the spring.

Proposed shale gas development has sparked a storm of opposition in the province, with fears voiced over the controversial extraction technology – known as fracking – involving the fracturing of a thick layer of gas-bearing shale with high-pressure blasts of chemicals and water.

Opponents cite alleged incidents of contaminated drinking water, damage to farmland and other fallout from fracking operations in the U.S. They have called for a moratorium on all activity until the environmental and health consequences are fully studied and known.

“There is just a lot of uncertainty,” said Questerre spokeswoman Karen Carle. “We need to wait and see what is going to be in those [the environmental review and the legislation],” she said.

“It's very disappointing to have to wait.” But at the same time, the company welcomes the opportunity to have the rules made clear and firmly established, she said.

Questerre's partner in the project is Calgary-based Talisman ([TLM-T24.01-0.18-0.74%](#)), which last October deferred drilling work in the region, citing the high cost of importing specialized crews from outside the province.

“We've had very encouraging drilling results so far in Quebec,” Talisman spokesman David Vincent said.

Ken Chernin, an analyst with Jennings Capital in Halifax, said he's not surprised by Questerre's decision.

“Pretty well everyone [active in the so-called Utica gas play in Quebec] is taking a wait-and-see approach,” he said.

Giving ourselves a black eye

The Montreal Gazette
January 19, 2011

Re: “Shale gas: little science, lots of politics” (Opinion, Jan. 18).

Over the last several decades, Quebec has garnered a fairly decent green reputation for producing relatively clean hydroelectric power to the point of exporting surpluses. And more recently, Alberta, and by extension Canada, has earned an international environmental black eye for developing its oilsands.

So in its collective wisdom, our provincial government has decided that our hydroelectric developments are not enough and that we must now proceed with extracting shale gas using a messy process that is worse than oil and probably substantially worse than coal and that could threaten our drinking water.

I can't think of a more effective way of punching one's self in the head.

David M. Bird Ste. Anne de Bellevue

On shale gas and cow farts

By Michelle Lalonde,
Montreal Gazette
January 20, 2011

Cow #353 is escorted
from the fields back
toward the Joly dairy
farm after a barn fire near
Ottawa in November.

Photograph by: Mike
Carroccetto, The Ottawa
Citizen



Nothing livens a heavy debate about climate change and shale gas quite like cows' farts.

Natural Resources Minister Nathalie Normandeau recently suggested that an exploratory shale gas well emits less greenhouse gas than your average cow.

This prompted the environmental group Nature Québec to get two of its agronomists to actually analyze the issue. By taking a look at the recently published results of a round of shale gas well inspections done by Natural Resource department inspectors, the agronomists concluded that three wells emit as much methane as 107 cows. So each well, one might deduce, emits on average as much methane as about 35 cows.

But the experts noted that animals' burps are in fact more powerful than their farts.

"People often erroneously refer to cows' farts when they should more accurately be talking about cows' belches," said Nature Québec's Jeanne Camirand in a statement on the controversy. "In fact, the digestion processes of ruminants emits methane naturally (of which only 1 per cent is from farting)."

Nature Québec conducted the exercise to verify the minister's statement partly in jest. But the group notes quite seriously that comparing cows emissions to shale gas emissions is pointless. Cows are raised to feed people, the group notes, while the need for shale gas has not been proven and poses many risks to human health and the environment.

The group also notes that cows' emissions can be reduced through certain farming practices. (I would argue people can also reduce their beef consumption for health and environmental reasons). Meanwhile the shale gas industry wants to put 5,000 new wells on Quebec territory, and the impact on Quebec's greenhouse gas emissions reduction target has not been calculated.

Nature Québec also suggests that the methane emissions of cows could be captured and used to produce energy!

“For a dairy farm of 180 heads of cattle, a system (to capture methane) would cost about \$300,000. This investment would produce enough electricity to power five homes (450 kWh of electricity per day) and enough heat to replace the equivalent of 100 litres of propane per day,” according to the group.

To learn more about this process of capturing cows’ burps to make energy, visit montrealgazette.com/greenlife

Quebec government reverses stand on shale gas

By Kevin Dougherty,
Postmedia News
January 21, 2011

Quebec’s Premier Jean Charest speaks in a file photo.

Photograph by: Mathieu Belanger, Reuters



LAC BEAUPORT — After months of assurances that shale gas development is safe — including a suggestion that cows give off more greenhouse gas than shale gas wells — the Charest government reversed its position on Friday.

“The industry is not in control of the situation,” Environment Minister Pierre Arcand told reporters Friday, adding he is “extremely concerned.”

Gas leaks from an exploration well in Leclercville, southwest of Quebec City in Lotbiniere county have changed the minister’s mind.

Talisman Energy Inc. has been trying for several weeks to choke off the leak, which was detected in the fall by Quebec’s natural resources department.

There are 29 exploration shale-gas wells in the province, concentrated between Quebec City and Montreal areas where there is farming and residential communities.

Arcand said environment department inspectors would be sent to all 29 exploration wells,

But he would not declare a moratorium on shale-gas development, as environmentalists, people living near the wells and opposition parties have been asking.

Arcand noted that the BAPE — Bureau d'audiences publiques sur l'environnement — Quebec's environmental evaluation agency, is to deliver its report on shale-gas development by Feb. 28.

Arcand admitted that the Charest government favours shale-gas development, seen as a way to reduce Quebec's energy imports, but repeated that the premier has said there will be no compromise on health and safety.

“It would be very awkward for me to substitute myself for the BAPE,” Arcand said

“My role is to protect the health and safety of Quebecers,” Arcand said, adding that if shale gas does pose a threat to health and safety “I would ask the premier to stop this industry.”

“I'm there to ensure there is no harm to health and safety of citizens.

“I have started to ask questions.”

He promised “very close supervision” of the 29 exploration wells, will environment inspectors on hand every day.

Shale gas is extracted from rock by first drilling horizontal wells, then pumping a mixture of water and chemicals under pressure through the wells.

The process, called “fracking,” or rock fracturing, has been described as a mini-earthquake and in the United States has led to contamination of the water table with chemicals and natural gas.

Last week Natural Resources Minister Nathalie Normandeau downplayed the dangers of shale gas, saying the dairy cows emit more greenhouse gases than shale-gas wells.

Province will accept BAPE report on shale gas, Charest promises

By KEVIN DOUGHERTY,
The Montreal Gazette
January 22, 2011

Premier Jean Charest pledged yesterday he would accept the conclusions of an environment impact study on shale-gas developments in Quebec.

“For us it has always been clear,” the premier told reporters. “Either it is done correctly or it will not be done at all.”

Charest’s commitment to implement the report from the Bureau d’audiences publiques sur l’environnement, expected next month, came after a surprising turnabout by Environment Minister Pierre Arcand.

After months of assurances by the Charest government that shale-gas development is safe - including a suggestion by Natural Resources Minister Nathalie Normandeau that cows give off more greenhouse gas than shale-gas wells - Arcand admitted a persistent leak at an exploration well has him worried.

“The industry is not in control of the situation,” he told reporters. And he is “extremely preoccupied.”

Gas leaks from an exploration well in Leclercville, southwest of Quebec City, have changed the minister’s mind.

Talisman Energy Inc. has been trying for several weeks to choke off the leak, which was detected in the fall by Quebec’s natural resources department.

Arcand said there are 29 exploration shale-gas wells in the province, concentrated between Quebec City and Montreal in farming and residential areas. He said environment department inspectors would be sent to all 29 exploration wells.

But he would not declare a moratorium on shale-gas development, as environmentalists, people living near the wells and opposition parties have been asking.

Scott McKay, the Parti Quebecois shale-gas critic, said there should be a moratorium. “The government is changing nothing,” he said.

But the environmentalist Association quebecoise de lutte contre la pollution atmospherique welcomed the news.

“This change of tone is more refreshing and definitely, at last, a step in the right direction.”

Even the industry association representing the shale-gas companies praised the decision, saying that “shale-gas explorations and development must be done in a responsible manner and with respect for persons and the environment.”

Arcand admitted that the Charest government favours shale-gas development, seen as a way to reduce energy imports, but repeated that the premier has said there will be no compromise on health and safety.

If it does pose a threat, “I would ask the premier to stop this industry,” he said. “I have started to ask questions.”

He promised “very close supervision” of the 29 exploration wells, with inspectors on hand every day.

7 Quotes

Things they said in Montreal this week

The Montreal Gazette
January 22, 2011

Saturday

JANUARY 15

“The government of Quebec should look to Pennsylvania and monitor how it is dealing with its problems with shale gas.”

-Robert Howarth, ecology professor at Cornell University, on shale gas exploration in Quebec.

Sunday

JANUARY 16

“There have been similar incidents over the past few months that haven’t garnered any attention. It’s increasing in intensity and frequency.”

-Rabbi Rueben Poupko, on attacks at Jewish institutions.

Monday

JANUARY 17

“I’ve always thought of Old Montreal as the SoHo of this city.”

-Denis Gagnon, commenting on his plan to open a boutique in Old Montreal this spring.

Tuesday

JANUARY 18

“Life definitely is a lot busier. A lot of demands on me now, but I have to say winning a gold medal has been okay.”

-Alexandre Bilodeau, on life after winning an Olympic gold medal in freestyle skiing.

Wednesday

JANUARY 19

“I’m ready to forget everything called Norbourg, including Vincent Lacroix. That’ll happen when I get my cheque.”

-Michel Vezina, Norbourg investor, on return of funds.

Thursday

JANUARY 20

“Frankly, the perfume of liberty that I always sensed here in Canada doesn’t have the same taste anymore -because I know now that the same taste can now be had at home.”

-Enes Ajroud, Tunisian Montrealer, on changes in homeland.

Friday

JANUARY 21

“We have moved on.”

-Quebec Premier Jean Charest, in response to polls showing more Quebecers believe Marc Bellemare than the premier.

Of Liberals and cow farts

Resources minister overestimates effect of cattle by 36 times

By DON MACPHERSON,
The Montreal Gazette
January 22, 2011

Some people might have the impression I don't like the Charest government.

It's not true. As a political columnist, I'm starting to love this government.

When I took this gig more than 25 years ago, I expected to write about the constitution, language, and splits in the Parti Quebecois over Article 1 of the party program on achieving sovereignty.

Little did I suspect that one day I would have occasion to write the phrase "Japanese fetishist shows with power tools" in a column, which I did last month, thanks to an ill-advised talk-show appearance by Premier Jean Charest (snipurl.com/1vyawe).

Sure, Charest has allowed the once-rich vein of constitutional reform to play out. But he and his ministers have replaced it with a steady supply of fresh column subjects.

Such as cow farts. Seriously.

And for that, I am grateful to Nathalie Normandeau, Charest's minister of natural resources, and her increasingly desperate efforts to sell shale-gas development to skeptical Quebecers.

Two weeks ago, it was disclosed that Normandeau's own department had found natural-gas leaks from 19 of 31 shale-gas wells it inspected last fall.

And this week, the department reported that at 11 of the wells, the leaks presented a risk of water contamination or explosions.

Normandeau responded by appearing to dismiss the findings of her own department and repeating a claim by the gas industry.

"A cow emits more CO₂ into the atmosphere than a well," Normandeau said. "It's factually proven."

A single cow produces more carbon dioxide than a leaking gas well?

Not even close, replied two agronomists who work for the environmentalist organization Nature Quebec.

Jeanne Camirand and Jeremie Vallee calculated the amount of gas leaked by three wells inspected by Normandeau's department for which they had sufficient data,

Then they compared their calculations with the amount of gas produced by a cow, including its manure -from one end to the other of both the digestive process and the cow itself, so to speak.

They concluded that the three wells leaked as much gas as the “emanations” from 107 cows, for an average of 36 cows for each well (snipurl.com/1w5q8d).

So it appeared that Normandeau had been making it up out of thin air.

And although Normandeau hadn't specifically mentioned bovine flatulence, the agronomists went on to address that question.

“People often talk erroneously about ‘cow farts’ when they should instead talk about eructation, or burps,” Camirand said in the media release from Nature Quebec.

In fact, she said, “only one per cent (of the methane produced in the cow’s digestive process) comes from farts.”

All of this was widely reported, thus establishing a link between Normandeau and cow farts, even if she had never mentioned them.

But all that aside, her apparently unfounded claim about cow gas in general exposed her to ridicule as a Quebecoise Ronald Reagan.

The former United States president once claimed that “trees cause more air pollution than automobiles do.”

Normandeau is also deputy premier, and it appeared as though Charest might have positioned her to beat out Parti Quebecois leader Pauline Marois to become Quebec’s first female head of government.

She had even started practising her English, after 12 years representing a riding (Bonaventure, in Gaspé) in which 14 per cent of the voters are English-speaking.

Now her remarks on livestock have made her a laughingstock -and provided fodder for editorial cartoonists.

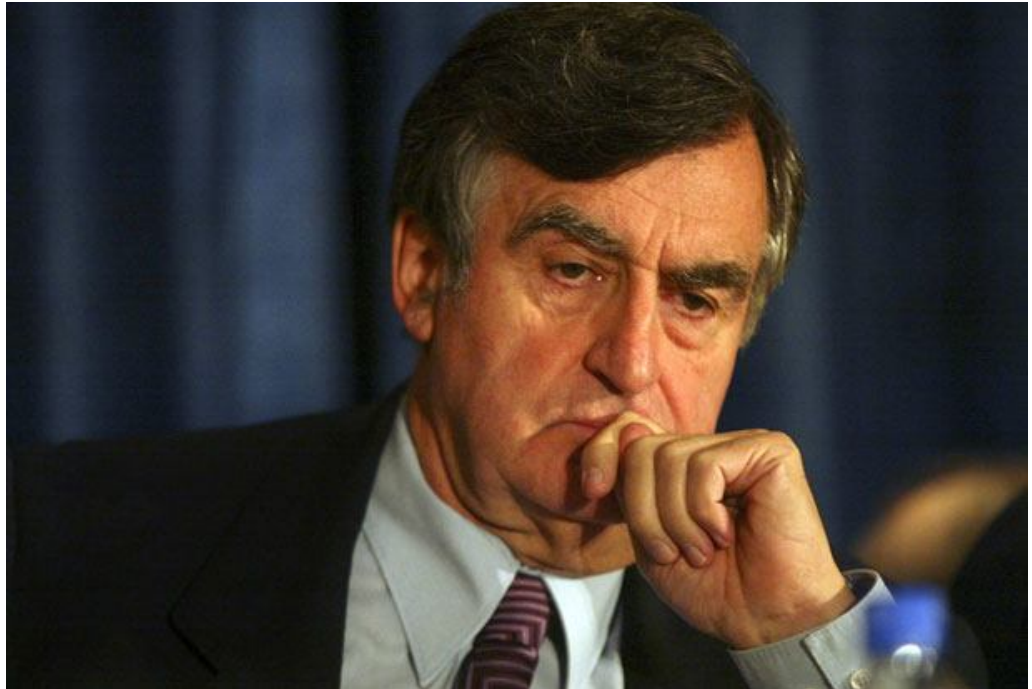
And political columnists. After the next election, I, for one, am going to miss this government.

Quebec oil and gas association to be headed by former premier Lucien Bouchard

By Lynn Moore,
Montreal Gazette
January 25, 2011

Former Quebec
premier Lucien
Bouchard in 2005.

Photograph by:
Gordon
Beck/Canwest
News Service.



Former Quebec Premier Lucien Bouchard is to take the helm of the Quebec Oil and Gas Association.

Bouchard is to become the association's board chairman on Feb. 21.

He will replace former Hydro-Québec CEO André Caillé, who will remain a member of the board and of the executive committee.

The move comes amid rough waters for Quebec's shale gas industry. Public opposition and concerns from environmentalists have led to a push for a moratorium on drilling.

A key player in the development of Quebec shale gas, Calgary-based Questerre Energy Corp., announced this month that it has delayed its plans to develop a natural gas pipeline southwest of Quebec City.

Bouchard was not giving media interviews on his appointment, but in a statement issued by the association, he championed the cause.

"I view the discovery of major natural gas deposits in Quebec as a highly important opportunity for our economic development and the financing of our state's missions.

“At the same time, I’m fully aware of the need to proceed with this development, faithfully observing exemplary requirements from the points of view of the environment, public safety, social acceptability and transparency, seeing that this development truly builds our collective - and not just private interest - wealth.” he said in the statement.

“I therefore intend to fulfill my mandate by balancing the concerns and issues of all interested parties, but above all with the assurance that I shall work in the best interests of our society as a whole.”

Quebec hires Bouchard to head oil and gas lobby group

RHÉAL SÉGUIN
Globe and Mail
January 25, 2011

Premier Jean Charest and Quebec’s oil and gas industry have turned to high-profile former Parti Québécois members to help them navigate through the troubled waters that lie ahead.

On Tuesday, former PQ premier Lucien Bouchard was appointed by the province’s oil and gas association to lead the industry’s lobbying efforts to improve the image of the controversial shale gas industry.

A few hours earlier, former PQ labour minister Diane Lemieux was appointed head of the Quebec Construction Commission, a provincial agency, to clean up an industry mired in allegations of corruption.

The two appointments were viewed as attempts to move debate beyond partisanship on two problematic fronts.

Former Hydro-Quebec president André Caillé is stepping down as head of the oil and gas association after a disastrous public relations campaign in which he was accused of misinforming residents on potential pollution and water contamination risks from the drilling of shale gas.

The industry suffered another black eye with reports of leaks after drilling near several communities.

“The industry has finally understood that it had do something to improve its image. Mr. Bouchard’s appointment will certainly help in projecting a more positive image for the industry,” the Minister of Natural Resources and deputy-premier Nathalie Normandeau said in a telephone interview from a Florida vacation.

Mr. Bouchard said in a news release that he is looking forward to the challenge of persuading Quebeckers that a province committed to hydro-electricity needs to develop its natural gas resources. Shale gas, he said, will generate new wealth that will support public services. "There is a necessity to ensure that the development contributes to public not only private wealth," he stated.

Mr. Bouchard's surprise appointment was overshadowed just moments later by the news that his ex-wife, Audrey Best, 50, had died of breast cancer on Tuesday afternoon at the Montreal Jewish Hospital. Ms. Best was born in France and raised in California. She is survived by her two sons, Alexandre and Simon, now in their early 20s. Ms. Best practiced law at the Montreal firm of Heenan Blaikie. She married Mr. Bouchard shortly after he divorced his first wife in 1989. The couple separated in 2004.

Ms. Lemieux, appointed to preside over the commission that oversees the troubled construction industry, recently quit as chief of staff to Montreal Mayor Gérald Tremblay, who has dealt with allegations of favouritism involving construction companies with alleged ties to organized crime.

In a statement on Tuesday, Ms. Lemieux said she will not take a public stand on the demand for a full public inquiry into the construction industry but will focus on fighting corruption from within.

"Over the past several months, the construction industry has been hit hard with innuendos, accusations of corruption, fraud, collusion. The Quebec Construction Commission is no exception," Ms. Lemieux said. "... There is an ongoing debate over whether to hold a public inquiry in the construction industry...I do not intend to add or interfere in this debate."

Quebec Labour Minister Lise Thériault expressed confidence that Ms. Lemieux, a former political adversary, will succeed where her predecessor André Ménard failed. After 17 years at the head of the commission, Mr. Ménard was asked to step down after it was learned that he spent tens of thousands of dollars for an information seminar in Las Vegas. He was also criticized for failing to fight corruption in the industry.

"Ultimately what we all want is for the construction industry to operate full steam ahead, in an optimal fashion and especially lawfully," Ms. Thériault said.

Bouchard's arrival doesn't change shale gas debate, PQ chief says

Former premier Lucien Bouchard's appointment to Quebec Oil and Gas Association 'changes absolutely nothing'

By Philip Authier,
Montreal Gazette
January 26, 2011

Former Quebec premier Lucien Bouchard is a “responsible man who will work in the best interests of Quebecers but at the same time he has a boss, the Quebec Oil and Gas Association,” Pauline Marois says.

Photograph by: Pierre Obendrauf, Montreal Gazette



MONTREAL - Lucien Bouchard's arrival as the new point man for the shale gas industry doesn't alter the debate at all, Parti Québécois leader Pauline Marois says.

“It changes absolutely nothing whether Mr. Bouchard is in favour of a moratorium (on exploration) or not,” Marois said Wednesday.

“We think a moratorium is needed and that is not a decision for Mr. Bouchard. It's a decision for the government, the one headed by Mr. (Premier Jean) Charest.”

Asked if she thinks Bouchard, a former PQ premier, will put the interests of the people ahead of those of the industry, Marois said Bouchard is a “responsible man who will work in the best interests of Quebecers, but at the same time he has a boss, the Quebec Oil and Gas Association.”

“Our position is very clear, it is very firm and we won't change our view,” Marois said as she arrived for a two-day meeting of the PQ caucus in Laval. “Until there are serious studies and a framework to protect the health of people and it becomes socially acceptable, there will be a great deal of work to do.”

But the PQ finds itself in an awkward position.

Besides the gas industry's decision to name the highly respected Bouchard to his new post, another PQ stalwart, former labour minister Diane Lemieux, was named by the Charest government Tuesday to head the Quebec construction commission.

On Wednesday, the questions for PQ MNAs focused on whether the government had possibly outsmarted the PQ opposition, even muzzled it, by naming one of their own to head the Commission de la construction du Québec

The Liberals might, for example, be able to deflect some PQ criticism of its refusal to call an inquiry into the construction industry by saying Lemieux is working on the case in her new role.

Marois and other PQ MNAs tried to put a positive spin on the news.

"It's pretty astounding that the nomination process of the Liberal Party is so strained they feel they have to go fetch a Péquiste to clean things up," Marois said. "Integrity appears to be more on our side, and that is reassuring."

Marois said she has a great deal of confidence in Lemieux, but added she has a fundamental problem.

"Diane will not have the necessary tools to go to the end of process or mandate she has been given because there has not been a commission of inquiry into the construction industry.

"What is the magnitude of the fraud? What is the magnitude of the corruption? Who are the main actors involved in the corruption of this industry?"

"In this sense, it will not impede us from continuing to question the government and asking for the commission.

"Yes, Péquistes have been put in strategic places, but we have not given them the tools to assume the responsibilities handed them. Nothing is resolved yet.

"There is a serious problem in Quebec. If Mr. Charest thinks he will create a diversion in naming people whom we consider competent, I think he is making a poor choice and a poor decision."

Bouchard takes helm of association

Replaces embattled chairman Caille

By LYNN MOORE,
The Montreal Gazette
January 26, 2011

Lucien Bouchard's appointment will be effective at the association's next general assembly.

Photograph by: PIERRE OBENDRAUF GAZETTE FILE PHOTO, The Gazette



Former Quebec premier Lucien Bouchard is to take the helm of the Quebec Oil and Gas Association as it navigates the choppy waters of shale gas development.

The widely respected Bouchard is to become the association's board chairman on Feb. 21.

He will replace Andre Caille, the former CEO of Hydro-Quebec whose public popularity has taken a beating since he began championing shale gas.

"My goal has always been to work in Quebec's best interests. Knowing the work that remains ahead, I am glad to see a man of Lucien Bouchard's calibre pick up the mantle," Caille said in a statement.

"I know that he will be able to rally Quebecers around this wealth-creating project."

Last October, Caille left a stormy public environment review board (BAPE) hearing under police protection and subsequently took a brief medical leave.

Public opposition and concerns from environmentalists about the extraction technique known as "fracking" have propelled the push for a moratorium on shale gas drilling in Quebec.

This month, a key player in the development of Quebec's shale gas reserves, Questerre Energy Corp., put its Quebec projects on ice.

"Questerre has elected to defer both projects pending receipt of the BAPE report, introduction of new hydrocarbon legislation and the results from its two horizontal wells," the Calgary-based company said.

Three days later, cracks appeared in the formerly rock-solid government support of shale gas development.

Environment Minister Pierre Arcand admitted a persistent leak at an exploration well in Leclercville, southwest of Quebec City, had him worried.

“The industry is not in control of the situation,” Arcand told reporters.

This turnabout came after months of assurances by the Charest government that shale gas development is safe.

Bouchard was not available for interviews yesterday, but in a statement issued by the association, he championed the cause.

“I view the discovery of major natural gas deposits in Quebec as a highly important opportunity for our economic development and the financing of our state’s missions.

“At the same time, I’m fully aware of the need to proceed with this development, faithfully observing exemplary requirements from the points of view of the environment, public safety, social acceptability and transparency, seeing that this development truly builds our collective -and not just private interest -wealth.” he said.

“I therefore intend to fulfill my mandate by balancing the concerns and issues of all interested parties, but above all with the assurance that I shall work in the best interests of our society as a whole.

“I am proud of the work we have accomplished over the past months in driving forward this new development opportunity for Quebec.”

A recent Secor Group study conducted on behalf of the association estimated that Quebec’s shale gas industry could generate between 5,000 and 19,000 jobs and more than \$1 billion in annual royalties for the province.

Bouchard’s appointment will be effective at the association’s next general assembly.

Caille will remain a member of the association’s board and of its executive committee.

Shale-gas industry goes Hollywood

SHAWN McCARTHY
Globe and Mail
January 26, 2011

Hollywood has added its lustrous sheen to a controversial documentary that pillories Calgary's Encana Corp. and the entire shale-gas industry over the alleged impacts of hydraulic fracturing drilling techniques.

Gasland – an American film written and directed by Josh Fox – has been nominated for a 2010 Oscar in the feature documentary category, giving it the stamp of approval from the Academy of Motion Picture Arts and Sciences.

The film was aired in the U.S. on HBO, and has since become required viewing for activists who oppose the oil industry's practice of injecting chemical-laced water into rock formations to release the natural gas. *Gasland* was widely circulated in Quebec, where many residents and local politicians oppose drilling over fears it will poison their drinking water.

The documentary featured Encana's problems in Colorado, where the company drew a heavy fine for allowing methane to escape from a well into groundwater. What it doesn't say, however, is that the Colorado regulator determined the leak was caused by improper cementing of the well casing, not by hydraulic fracturing.

The state's Oil and Gas Conservation Commission issued a lengthy rebuttal to some of the key claims in *Gasland*, regarding the poisoning of three Weld County water wells as a result of industry's drilling. The commission noted that regulators had determined that two of the three wells were tainted by naturally occurring methane.

The Environmental Protection Agency is now reviewing whether shale gas drilling presents a threat to groundwater or surface water.

But the motion-picture academy clearly likes documentaries with clear villains, and none serve that role better than the oil industry. Unless perhaps it is Wall Street. Among Mr. Fox's nominated competitors for Oscar is *Inside Job*, which details how greedy bankers brought down the U.S. economy.

Gas industry gets a favourable ear

The Montreal Gazette
January 27, 2011

Re: "Bouchard takes helm of association" (Gazette, Jan. 26).

Lucien Bouchard probably knows about as much as I do about gas exploration, which is nothing. I do know that his appointment gives the industry a favourable ear in the government.

The shale-gas industry has not proven without a doubt that its methods are environmentally safe. Its driving force is profit and it cares little about the land it uses -or should I say destroys.

Glen K. Malfara Beaconsfield

PQ puts positive spin on Liberal appointments

Integrity on our side, Marois says

By PHILIP AUTHIER,
The Montreal Gazette
January 27, 2011

The arrival of two former Parti Quebecois stalwarts into the red hot debates about shale gas and corruption in the construction industry had the PQ scrambling yesterday to put a positive spin on developments.

Some MNAs were feeling ill at ease to find two of their own, Lucien Bouchard and Diane Lemieux, in political battles the party is waging - but not necessarily on their side.

Had the Liberal government possibly outflanked -even muzzled -them by naming Lemieux, a former labour minister, head of the Commission de la construction du Quebec?

Lemieux's mandate is to clean up the commission and help get to the bottom of allegations of corruption in the industry. The PQ's line is that a public inquiry is needed, not more bureaucrats and police.

And had the powerful shale gas lobby, which the PQ says is too close to Jean Charest's Liberal government, hornswoogled the PQ in naming the highly respected Bouchard to the job of waving the flag for the Quebec Oil and Gas Association?

The PQ's line is that the government is bungling shale gas. The party wants a full-blown moratorium on any more developments.

"What does Mr. Bouchard see in the mirror when he looks at himself," Borduas MNA Pierre Curzi asked yesterday? "I don't really understand this."

But the party had prepared a line of defence, starting at the top with party leader Pauline Marois.

After praising Lemieux as a woman of great quality, she added: "It's pretty astounding that the nomination process of the Liberal Party is so stained they feel they have to go fetch a pequiste to clean things up," Marois said. "Integrity appears to be more on our side and that is reassuring."

"It takes pequistes to solve problems in Quebec now," echoed Rousseau MNA Nicolas Marceau. "That's what it shows."

But the PQ insisted both recruits change nothing in their quest.

"We think a moratorium is needed and that is not a decision of Mr. Bouchard," Marois said. "It's a decision of a government."

As to whose interests Bouchard will put first -people or industry -Marois said Bouchard is a "responsible man who will work in the best interests of Quebecers but at the same time he has a boss which is the Quebec Oil and Gas Association."

Marois added she has a great deal of confidence in Lemieux but said she has a fundamental problem.

"Diane will not have the necessary tools to go to the end of the process or mandate she has been given because there has not been a commission of inquiry into the construction industry. ...

"Yes pequistes have been put in strategic places but we have not given them the tools to assume the responsibilities handed them. Nothing is resolved yet.

"It's not because you change the messenger that you solve the problem," added Marie-Victorin MNA Bernard Drainville. "The crisis of confidence is still there."

Bouchard touted independence and the megacity

By HENRY AUBIN,
The Montreal Gazette
January 27, 2011

Former Quebec premier Lucien Bouchard is a “responsible man who will work in the best interests of Quebecers but at the same time he has a boss, the Quebec Oil and Gas Association,” Pauline Marois says.

Photograph by: Pierre Obendrauf, Montreal Gazette



MONTREAL - Quebec’s shale-gas lobby delivered a stroke of PR genius in naming Lucien Bouchard as its new quarterback.

His job will be not so much to lobby the Charest government as to woo the public. The government zealously favours the tapping of gas from the St. Lawrence Valley’s organic-rich shale (notwithstanding last week’s overdue note of caution from the environment minister). But the public’s hostility to gas exploitation on environmental grounds is making it politically difficult for the government to give the gas industry a green light.

The industry’s situation today recalls that of the sovereignty side several weeks before the 1995 referendum. The polls showed that Premier Jacques Parizeau was a poor salesman for the Yes side, so the old warrior stepped aside to let Bouchard, the fresh Bloc Quebecois leader, carry the ball as chief spokesman, and he almost carried the day.

Andre Caille, until this week the head of the shale-gas lobby, the Quebec Oil and Gas Association, was even more ineffectual than Parizeau, his weary platitudes impressing no one. Now, once again, the great orator is rushing to the rescue.

The gas companies could not have found a better replacement. Their problem is that the environmental evidence against shale gas is strong, while there’s little sign that the companies’ royalties and fees would pour great riches into the province’s depleted treasury.

Bouchard's talent lies in shifting attention away from fact-based reasoning. Thus in the referendum campaign the king of charisma ignored pesky economic arguments against sovereignty. Instead, he pushed emotive buttons, using the word "notre" abundantly and stoking the collectivity's resentment of past humiliations.

Later, as premier, he used the same strategy when merging Montreal Island's 28 municipalities: he turned a blind eye to research showing that larger cities mean high per-capita costs and instead sold the fantasy that bigness would bring Montreal more prestige and pep.

The question now is whether the public and the media will let Bouchard be manipulative again.

In the last few days, two studies have questioned the No. 1 selling point of natural gas: that it emits far less greenhouse gas than other fossil fuels.

The first report, by the U.S. Environmental Protection Agency, never mentions Quebec, but it throws troubling light on recent leakages of gas at 19 of the 31 gas-exploration sites in the province. The report says leaks are not exceptional but are rife in the U.S., where the industry is in high gear. Although advocates often claim that natural gas has half the impact on climate change as coal, when these leaks are taken into account it could be a only quarter less than coal. (www.pro-publica.org).The leaking gas is methane, one of the most potent greenhouse gases.

Natural gas's halo, then, could be considerably dimmer than has been claimed. Indeed, according to the second report, it might not have any halo at all.

The Tyndall Centre for Climate Change Research in England notes that the international boom in natural-gas exploitation has meant a drop in prices for this fuel, and it predicts low prices will probably continue for many years. It concludes that in the absence of any meaningful constraints on greenhouse-gas emissions, many countries will increase their use of fossil fuels and burn the gas in addition to coal and oil, not as a substitute for them.

If countries impose caps on emissions, the report says, that would lead to a "fall in the price of globally traded fossil fuels and therefore an increase in (world) demand."

Another problem: A glut of natural gas could mean a delay in investments in energy sources that are genuinely clean.

How will Bouchard address such issues? If he is true to form, he won't. He'll glide by them, and he'll use the word "notre" a lot. In fact, he's already started using it. In the press release on Tuesday announcing his appointment to the gas lobby, he promised to "work in the best interests of notre collectivite." Expect in the months ahead to hear a lot about "notre futur," "notre prosperite," "notre place dans le monde."

It would be something if Bouchard, a former federal environment minister, could use his virtuoso exhortative talents to plug truly green initiatives -namely energy conservation and energy efficiency.

That might not pay as well as being a mouthpiece for big business, but it would do much more to help notre planete.

Marois firm on extending Bill 101 rules to CEGEPs

By Philip Authier,
Montreal Gazette
January 28, 2011

Parti Québécois leader
Pauline Marois.

Photograph by:
VINCENZO D'ALTO,
MONTREAL
GAZETTE



A plan to extend rules preventing allophones and francophones from attending English CEGEPs still has the backing of the leader of the Parti Québécois.

Pauline Marois Thursday re-affirmed her support for the controversial idea despite dissension in her own caucus. Richelieu PQ MNA Sylvain Simard and Taillon MNA Marie Malavoy have stated their opposition to the plan, which is up for debate in April at a PQ policy convention.

“Our party is one of debate and that means nobody is muzzled, neither in the caucus or among the rank-and-file,” Marois said. “So it will be up to the members to take a decision on this issue.

“But it has also been demonstrated that there has been a certain slide towards an anglicization – particularly on the Island of Montreal, and so firm measures on language need to been taken and that is one.

“I still support the proposal that is there – to apply provisions of Bill 101 to CEGEPs with several other linguistic measures.”

Marois made the remarks following accusations from the Liberal government Wednesday that the PQ is “radicalizing” itself.

Her comments came at a news conference wrapping up a two-day caucus meeting in Laval focused on the resumption of work at the National Assembly Feb. 8.

Marois said the PQ will pick up on where it left off on hot issues and again call for a moratorium on shale gas and an inquiry into corruption in the construction industry.

As well, the PQ plans to open a new front – what it calls Liberal bungling of public finances.

Incident halts drilling

The Montreal Gazette
January 28, 2011

Calgary's Talisman Energy Inc., which has drilled five exploratory shale gas wells in Quebec, suspended all hydraulic rock fracturing operations for about eight days across North America this month after "a well-control incident" in Pennsylvania, Kevin Dougherty reports. The potential benefits of shale gas development in Quebec have been touted as economic gold, but concerns have been raised about possible environmental and health consequences. Talisman has also been attempting since the fall to plug a leak at a well in Leclercville, southwest of Quebec City. Page A10

Bouchard will face tough sell over shale gas

Anger mounts at push to develop vast Utica deposit

By NICOLAS VAN PRAET,
Financial Post
January 28, 2011

Former Quebec premier Lucien Bouchard once confessed that when he was young, he dreamed of being a charismatic hockey star like Maurice "The Rocket" Richard.

What he became was a charismatic political leader, a conservative separatist that almost led a province to sovereignty. The Quebec Oil and Gas Association is now betting it can tap some of that charm and use him to rescue a nascent industry that has been publicly vilified. Easier said than done.

Since he left office a decade ago, Mr. Bouchard has popped up periodically whenever a conciliator was needed to resolve a prickly situation. In 2008, he was named a "special mediator" in a 14-month fight between Petro-Canada refinery employees and the company. Last year, as chief negotiator for Montreal's transit corporation, he convinced Quebec lawmakers to pass a special law to award a highly controversial \$1.2-billion subway equipment contract to Bombardier Inc. and French-partner Alstom.

Got a fire? Mr. Bouchard has the magic touch to put it out. At least, that's the perception.

Trouble is, oil and gas in Quebec, and especially the industry's push to commercialize a vast deposit of shale natural gas known as the Utica play in the years to come, is not your run-of-the-mill hot-spot issue. It's a veritable blaze of public anger -- one that even the popular Mr. Bouchard will be at pains to tame.

On Tuesday, the oil and gas association named Mr. Bouchard chairman of its board of directors. He replaces former Hydro-Quebec chief executive Andre Caille.

Mr. Caille bore the brunt of citizen outrage at public meetings last fall on the shale gas issue. After one particularly heated meeting at which he was repeatedly called a liar and a thief, Mr. Caille took some time off to recuperate, at his doctor's insistence, before returning to work.

To many Quebecers, Mr. Caille is the turtleneck-wearing hero who appeared nightly on television to reassure them through the 1998 ice storm. Now he's the guy who failed to reassure them that drilling for shale gas is environmentally safe and profitable for all.

Whether Mr. Bouchard will have any more success selling the economic potential of shale gas to a skeptical province is questionable. As an ardent nationalist, he certainly has built up a lot of good will. In that sense, the popular politician may bring back serenity to a debate that has sometimes turned hysterical.

But as a fiscal conservative, Mr. Bouchard has thrust his opinions on a variety of subjects into the spotlight from time to time over the past six years. And they haven't exactly been embraced by the populace. He has chided Quebecers for not working hard enough, called on the government to lift the cap on tuition fees, and suggested the province needs more reasonable accommodation of religious freedoms. He sees shale gas as a "highly important" economic development opportunity to help finance Quebec's social programs.

Two of Quebec's leading pollsters, Jean-Marc Leger of Leger Marketing and Alain Giguere of CROP, said Wednesday they do not believe Mr. Bouchard's nomination will sway public opinion significantly.

"The whole issue has become such a minefield that it's going to be tough to wiggle through," Mr. Giguere said. He said the Liberal government of Jean Charest has already alienated citizens by trying to push for shale gas development too quickly.

Mr. Leger agrees. "The damage is done and nobody can correct that in the short term. It will take a lot more than the nomination of Lucien Bouchard to solve this problem."

The total estimated value of extractable natural gas from Quebec's Utica plays is between \$45-billion and \$210-billion. The leading developers of the resource in Quebec are Alberta-based Talisman Energy Inc. and Questerre Energy Corp.

Pennsylvania malfunction inflames shale gas debate

By Kevin Dougherty,
The Montreal Gazette
Quebec Bureau
January 28, 2011

“Fracking,” or hydraulic rock fracturing, is used to find natural gas trapped in shale. Crews drill horizontal wells, then pump a mixture of water, chemicals and sand under pressure to break rock formations, releasing the gas.

Photograph by: TODD KOROL, REUTERS



QUEBEC – Calgary’s Talisman Energy Inc., which has drilled five exploratory wells for shale gas in Quebec, suspended all “fracking” operations for about eight days across North America this month after what it described as “a well-control incident” in Pennsylvania.

Talisman spokesperson Phoebe Buckland said from Calgary that the company halted all its fracking operations after “a water-based fluid release” at its Pennsylvania well and notified the Pennsylvania Department of Environmental Protection.

“These sorts of incidents, we take very seriously,” Buckland said. “Safety is our absolute first priority.”

Pennsylvania authorities made the incident public on Wednesday.

Fracking, or hydraulic rock fracturing, is the process of drilling horizontal wells, then pumping a mixture of water, chemicals and sand under pressure to break rock formations, releasing natural gas trapped in shale.

Premier Jean Charest and his ministers, while saying shale gas must pass environmental and health tests before it is developed, have been largely supportive of the new energy source, saying shale gas would help reduce Quebec’s annual imports of oil and gas of \$14 billion.

But concerns have been raised that the fracking process will have unwanted environmental and health consequences. Environmentalists have warned that fracking can contaminate the water table with the chemicals and can inject natural gas into drinking water.

Talisman, which is developing five of Quebec's 31 shale-gas wells, stopped fracking at the time of the Jan. 16 incident in Pennsylvania and resumed the procedure on Wednesday.

Quebec's Bureau d'audiences publiques sur l'environnement, an environmental impact agency, began a study on shale gas last fall, hearing briefs from the public, environmentalists and the gas exploration companies. The BAPE also visited other provinces and states where shale gas is being developed. Its report is expected by Feb. 28.

Talisman currently has no drilling or fracking operations in Quebec, Buckland noted. Fracking operations in Quebec are planned at two wells in the spring.

Last week, Environment Minister Pierre Arcand announced Quebec would step up inspections at shale-gas drilling sites, saying he was "starting to ask questions" because of a leak that occurred in November at a Talisman well in Leclercville, southwest of Quebec City.

"The industry is not in control of the situation," Arcand said.

Buckland said Talisman has been co-operating with Quebec authorities.

"It's actually not a leak," she added of the Leclercville incident. "It is what is known in the industry as surface casing vent flow. There is an incomplete bond between the casing and the cement used to secure the casing into place."

Talisman has been attempting since the fall to plug the leak, which Buckland says is "venting" 150 cubic metres a day of gas containing 90-per-cent methane, or the equivalent of running four home barbecues wide open, 24 hours a day.

A recent study by the U.S. Environmental Protection Agency found preliminary evidence that while still cleaner than coal, natural gas from shale gas wells gives off more greenhouse gases than its promoters have admitted. The EPA is also doing a larger study of the impact on fracking on groundwater.

The EPA also tracks what it calls "fugitive and vented methane emissions" and has found that at least 1.6 per cent of all the natural gas produced in the United States each year, about 475 billion cubic feet, is "leaked or vented during production."

The EPA is revising its methodology, and the numbers should rise, but it estimates cutting those leaks would save the industry \$2.1 billion a year and would reduce greenhouse gas emissions by two per cent.

Quebec to crack down on leaky shale gas wells

'The situation evolves,' environment minister says

By Lynn Moore,
Montreal Gazette
January 28, 2011

Caiman Energy Brings Marcellus
Shale Natural Gas Plant Online



MONTREAL - Quebec will “require” shale gas developers to ensure that leaking wells in Quebec are repaired as quickly as possible, Quebec’s environment minister said Friday morning.

Six notices of infractions have been issued to companies following provincial inspections that have picked up in recent weeks.

“I don’t think we can tolerate such a situation,” Pierre Arcand told reporters.

Inspections continue, as do “verifications” about the extent of the leaks and whether there has been infiltration of a water table, he said.

“I don’t want to talk today about the potential risk as opposed to the real risk.

“My role ... is to assure myself that the principle of precaution is exercised; therefore inspectors will (continue) to be on the ground.”

Reports of problems related to shale-gas exploration in Quebec and elsewhere in North American have fed the controversy surrounding shale gas exploration in the province.

Much of the concern revolves around “fracking,” - a method of drilling that makes shale gas economically viable - and its impact on groundwater.

Calgary’s Talisman Energy Inc., which has drilled five exploratory wells in Quebec, suspended all “fracking” operations in North America this month after a “well-control” incident in Pennsylvania.

“Industry is not the enemy,” Arcand said Friday, adding he believes some of the problems in Quebec relate to “the execution of the work” at test sites.

“I don’t want to dramatize the situation or minimize it either,” he said.

Asked whether the latest developments in Quebec will add weight to calls for a moratorium on shale gas development here, Arcand said: “The situation evolves.”

Quebec's environmental impact agency, known by its acronym BAPE, began its study on shale gas last fall and its report is expected next month.

"There will be a BAPE report at the end of (February) and we will take it from there," he said.

Leaky shale gas well 'very, very worrying': Quebec Environment Department

Présentation leak cannot be compared with BP's Deepwater Horizon oil spill, but shows that shale gas wells can leak

By Kevin Dougherty,
Quebec bureau,
Montreal Gazette
January 28, 2011

Opponents of shale gas development in Quebec press their demand for an immediate moratorium on exploration during a rally at the Longueuil hotel where hearings are being held.

Photograph by: PHIL CARPENTER, THE GAZETTE, The Gazette



QUEBEC - A Quebec Environment Department official finds an uncontrolled gas leak at a shale gas well near St. Hyacinthe "very, very worrying," and fears the leak "could lead to contamination of underground water."

The well, operated by Calgary-based Canbriam Energy Quebec Partnership, is giving off methane gas that could threaten "the life, health, safety, well being or comfort of human beings," the department said in a notice sent by the company.

"We ask you to proceed immediately with the necessary corrections to stop these emissions," the notice adds. "As well, safety measures at the site should be established to ensure the protection of persons and property."

After Environment Minister Pierre Arcand said last week Quebec's budding shale-gas industry was "not in control of the situation," inspectors from his department issued infraction notices to Canbriam and to Talisman Energy Inc. for a leak at its Leclercville well.

Canbriam spokesperson Donna Phillips said from Calgary Friday that there are no water wells near the La Présentation site and the amount of gas - 2.5 cubic metres a day - is "very small."

"There is absolutely no risk," Phillips said.

But Pierre Paquin, spokesperson for the Quebec Environment Department on shale gas issues, called the La Présentation leak, not in the well, but seven metres away, "significant."

"For us, La Présentation is the most worrying now," Paquin said.

He explained that the gas, released after fracking operations to free the gas from shale rock formations, is escaping from deep in the ground.

The gas is under so much pressure that it has found its own way to the surface, he said.



Workers drill for natural gas in Hickory, Pa. The industry claims shale gas extraction is safe, but problems at wells in Quebec are worrying officials.

Photograph by: Jeff Swensen, NYT

Paquin noted that the industry offers assurances that concrete and tubing installed as a well is drilled will prevent leaks. It also claims there can be no contamination of groundwater because the water is near the surface, while on average shale gas is found below 2,000 metres of impermeable rock.

“There is a problem of conception and a problem of a gas leak around the well in La Présentation,” Paquin said. “The well is not leak-proof and the gas is rising to the surface.”

The Présentation leak cannot be compared with BP’s Deepwater Horizon oil spill last year, Paquin said, but it shows that shale gas wells can leak.

“If the natural gas in the ground spreads, there is a potential danger that it could reach water wells and water pools as well,” he said.

The Environment Department said in its infraction notice to Talisman, over the methane leak from its Leclercville well, that the remedial measures the company has proposed - pouring more concrete into the well - have not worked.

It calls on the company to continue its work and states there is a potential risk of contamination of the water table.

“We asked Talisman to document the situation,” Paquin said, noting the problem was first spotted in November.

“They explained to us there was a pressure problem, so there were major emissions.”

The infraction notice, short of a legal accusation, calls on the companies to correct the problems.

Paquin said the department stepped up its inspections in October, performing more than 70 inspections of Quebec’s approximately 30 shale gas wells.

Before the two notices this week, the department issued four notices to Gastem, Canadian Forest Oil, with an additional two for Talisman because of problems at wells at Gentilly, near Trois-Rivières, and Ste. Gertrude, near Drummondville.

André Bélisle, president of the Association Québécoise de lutte contre la pollution atmosphérique, said the infraction notices reinforce the position of his environmentalist association that shale gas exploration should stop immediately.

Bélisle said he would expect the Canbriam spokesperson to minimize the risk, noting the sharp rise in greenhouse gas emissions in Alberta, where the oil and gas industry is centred in Canada.

“They always say there is no problem,” he said.

Bélisle said shale-gas drilling is taking place around the world and while it is touted by its promoters as a less-polluting alternative to oil and coal, the leaks are adding to greenhouse gas emissions.

‘I don’t think we can tolerate such a situation,’ minister says

By Lynn Moore,
Montreal Gazette
January 28, 2011

Quebec will “require” shale gas developers to rectify environmental problems including leaking exploration wells as quickly as possible, Quebec’s environment minister said yesterday.

Six notices of infractions have been issued to companies following provincial inspections that have picked up in recent weeks.

“I don’t think we can tolerate such a situation,” Pierre Arcand told reporters.

Inspections continue, as do “verifications” about the extent of leaks and whether there has been infiltration of a water table, he said.

“I don’t want to talk today about the potential risk as opposed to the real risk. My role ... is to assure myself that the principle of precaution is exercised; therefore inspectors will (continue) to be on the ground.”

Reports of problems related to shale-gas exploration in Quebec and elsewhere in North America have fed the controversy surrounding shale gas exploration in the province.

Asked whether the new reports of problems will add weight to calls for a moratorium on shale gas development in the province, Arcand said: “The situation evolves.”

Much of the concern revolves around “fracking,” - a method of drilling that makes shale gas economically viable - and its impact on groundwater.

Speaking later in the day to the Board of Trade of Metropolitan Montreal, Arcand reminded the business audience of what he and Premier Jean Charest said a week ago.

“Shale gas development in Quebec has to be done properly or it won’t be done at all,” Arcand said.

Quebecers want to reduce their dependence on expensive oil imports but projects such as shale-gas development, exploitation of Quebec’s north or development of underwater gas and oil reserves including the “Old Harry” deposit 80 kilometres off the Iles-de-la-Madeleine, run into public objections, he said.

“Even wind turbines are controversial,” he told the business luncheon.

Earlier with reporters, Arcand said, “industry is not the enemy,” in the shale-gas-development scenario.

But there are problems apparently related to “the execution of the work.”

The scrutiny will continue. About 70 inspections have been done at about 30 well sites since October, he said. “I don’t want to dramatize the situation or minimize it either,” he said.

Quebec’s environmental impact agency, known by its acronym BAPE, began its study on shale gas last fall and its report is expected next month.

“There will be a BAPE report at the end of (February) and we will take it from there,” he said.

Official calls well leak ‘very, very worrying’

Shale gas Fear of underground water contamination

By KEVIN DOUGHERTY,
The Montreal Gazette
January 29, 2011

An Environment Department official calls an uncontrolled gas leak at a shale gas well near St. Hyacinthe “very, very worrying,” and fears the leak “could lead to contamination of underground water.”

The well, operated by Calgarybased Canbriam Energy Quebec Partnership, is giving off methane gas that could threaten “the life, health, safety, well-being or comfort of human beings,” the Environment Department says in a notice sent the company.

“We ask you to proceed immediately with the necessary corrections to stop these emissions,” the notice adds. “As well, safety measures at the site should be established to ensure the protection of persons and property.”

After Environment Minister Pierre Arcand said last week Quebec’s

budding shale-gas industry was “not in control of the situation,” inspectors from his department issued infraction notices to Canbriam and to Talisman Energy Inc. for a leak at its Leclercville well.

Canbriam spokesperson Donna Phillips said from Calgary yesterday that there are no water wells near the La Presentation site and the amount of gas -2.5 cubic metres a day -is “very small.”

“There is absolutely no risk,” Phillips said.

But Pierre Paquin, spokesperson for the Quebec Environment Department on shale gas, called the La Presentation leak “significant.”

“For us, La Presentation is the most worrying now,” Paquin said.

He explained that the gas, released after fracking operations to free the gas from shale rock formations, is escaping from deep in the ground. The gas is under so much pressure that it has found its own way to the surface. Paquin noted that the industry offers assurances that concrete and tubing installed as a well is drilled will prevent leaks. It also claims there can be no contamination of groundwater because the water is near the surface, while on average shale gas is found below 2,000 metres of impermeable rock.

“There is a problem of conception and a problem of a gas leak around the well in La Presentation,” Paquin said. “The well is not leak-proof and the gas is rising to the surface.”

The La Presentation leak cannot be compared with BP’s Deepwater Horizon oil spill last year, Paquin said, but it shows that shale gas wells can leak. “If the natural gas in the ground spreads there is a potential danger that it could reach water wells and water pools as well,” he said.

The environment department said in its infraction notice to Talisman, over the methane leak from its Leclercville well, that the remedial measures the company has proposed have not worked. It calls on the company to continue its work and states there is a potential risk of contamination of the water table.

“We asked Talisman to document the situation,” Paquin said, noting the problem was first spotted in November.

“They explained to us there was a pressure problem, so there were major emissions.”

The infraction notice calls on the companies to correct the problems.

Paquin said the department stepped up its inspections in October.

Before the two notices this week, the department issued four previous notices to Gastem, Canadian Forest Oil, with an additional two for Talisman due to problems at wells at Gentilly, near Trois-Rivieres, and Ste. Gertrude, near Drummondville.

Andre Belisle, president of the Association Quebecoise de lutte contre la pollution atmospherique, said the infraction notices reinforce the position of his association that shale gas exploration should stop immediately.

Belisle said he would expect the Canbriam spokesperson to minimize the risk. “They always say there is no problem,” he said.

Belisle said shale-gas drilling is going on around the world and is touted by its promoters as a less-polluting alternative to oil and coal, but the leaks are adding to greenhouse gas emissions.

Shale gas drama sets theatrical writer aflame

By Mike Boone,
Montreal Gazette
February 2, 2011



Mike Boone

Photograph by: The Gazette

MONTREAL - Dominic Champagne is not a green crusader.

Oh, he likes clean air and water as much as the next person - and maybe more than most, because Champagne has a summer place near Deshaillons-sur-Saint-Laurent, an unspoiled rural village in Compté de Lotbinière on the south shore of the St. Lawrence River.

But he's not chaining himself to trees or chasing whaling vessels. He is too busy for that kind of environmental activism. The 48-year-old from Sorel is a much-in-demand theatrical writer-director whose CV lists three Cirque du Soleil shows, including *Love*, the Las Vegas spectacle highlighting the Beatles songbook.

"Look, I'm not a dreamer," Champagne says. "I drive a car. I light a barbecue. I don't live on another planet."

With feet planted firmly on Mother Earth, he is a working artist with his own company, Théâtre il va sans dire. We spoke this week by phone, just before a noon rehearsal of his new project, an "artistic testimony" to the work of humorist Yvon Deschamps.

"Deschamps's early work," Champagne says, "was based on a poor, fragile worker from St. Henri who thinks all you need from life is a steady job and a good boss and the rest you don't care."

Champagne sees that pinched ethos embodied in Lucien Bouchard. The former premier has become the frontman for companies that want to drill for shale gas in Quebec. Champagne is mightily peeved - and said so in an opinion piece published in *Le Devoir* on Saturday.

Where would Quebec be, he wondered in print, if another charismatic politician had been working for Shawinigan Water and Power in 1960? Instead, René Lévesque, as energy minister in the quietly revolutionary Liberal government of Jean Lesage, led efforts to nationalize hydroelectricity as a resource that belongs to all Quebecers.

Like air, water - and natural gas.

Quebec is sitting on rich deposits of gas. Trouble is, the resource is buried in rock, and extracting the gas involves a controversial processing called hydraulic fracturing, or “fracking.” The gas is freed by injecting a mixture of water, sand and chemicals that breaks up the rock.

Champagne first heard about fracking last summer from his father-in-law. Gérard Castonguay is an 80-year-old retired mining engineer who keeps up with developments in the industry.

The conversation sparked Champagne’s curiosity, mainly because gas exploration would be happening almost literally in his backyard. He did some research and attended a September public information meeting in Deshaillons-sur-Saint-Laurent. Citing concerns that have delayed shale gas development in Pennsylvania, Champagne asked about the dangers fracking posed to the environment.

He’s still waiting for satisfactory answers. And he resented being “patronized like some guy who doesn’t know anything except Beatles’ songs.”

Champagne is not naive enough to believe all you need is love. He realizes there are economic benefits to shale gas development.

But do dollars outweigh the danger?

“I’ve been in my own bubble for decades,” he says. “Working as a playwright and director, I raised a family with three children.

“But at that meeting, I thought I should involve myself in the interests of the people around me. I felt I had the puck on my stick.”

And having fired a slapshot at Bouchard in *Le Devoir*, he is going to keep skating.

“Yvon Deschamps has told me he’s done volunteer work all his life,” Champagne says. “Maybe it’s my time to get involved.

“I’m not a green warrior. I’m just a normal citizen with concerns. I’m trying to get people informed with the tools that I have.”

Champagne stresses he’s not a negative person whose knee-jerk reaction to development is skepticism. He believes in progress, but at what price?

“This is the air we breathe, the water we drink,” he says, “and we will be part of the decision on whether shale gas is developed and how it has to be done. Ten years ago I did a stage adaptation of *Don Quixote*. Now I feel like I’m in the play.”

Tilting at gas-powered windmills.

Shale gas exploration on hold

New rules sought for industry ‘Clear, concise and non-contradictory’ regulatory framework called essential

By Robert Gibbens,
Special to The Montreal Gazette
February 3, 2011



*South Shore citizens groups protest in November in Longueuil against shale-gas drilling in Quebec.
Photograph by: Phil Carpenter, The Gazette*

Strident public opposition to shale gas development in Quebec, along with warnings by environment minister Pierre Arcand, have effectively shut down exploration and shifted the onus to a regulatory report late this month.

But whatever the report may say, the industry won't go back to drilling again until the province draws up a clear and effective regulatory framework for shale gas operators that is separate from the mining law, Michael Binnion, CEO of Calgary's Questerre Energy Inc., said yesterday.

"The big energy giants are watching closely what will happen in Quebec," he said in an interview.

“The last well cost \$15 million, compared with an average \$4 million in Pennsylvania, and the new framework must spell out the rules and conditions for exploration and production and for pipelines and infrastructure.”

Binnion, a geologist by training, and Questerre have been busy in Quebec natural gas exploration for 12 years, convinced the Utica shale gas fields in the Northeastern U.S. stretch north into the St. Lawrence Lowlands that lie between Montreal and Quebec City.

Now the Fredericton area of New Brunswick is undergoing testing.

About 18 trillion cubic feet of recoverable gas (the equivalent of 3 billion barrels of oil) have been found on Questerre lands in Quebec’s Utica shale area. But the region’s potential is much larger and enough to dent the province’s 46-per-cent reliance on imported energy, Binnion said.

Oil and gas exploration has been going on in the Lowlands for 60 years, continuing after the TransCanada pipeline began pumping Alberta gas to Montreal in the late ‘50s.

Nothing commercial was reported, but new technology has enabled drillers to go deeper and tap the shale deposits. Almost 20 wells have been drilled since 2009.

Last week, Arcand announced a crackdown on wells that are leaking gas, saying six notices of infractions were handed out with more to come.

The industry says it had already informed his office of remedial work under way.

Binnion said the public debate being waged via the Quebec media is emotional and false.

The industry has won strong support for drilling from local communities and the strident opposition comes from people who are unaffected.

“The resource could start to flow by 2014-15 with economies of scale,” Binnion said, “but whatever the BAPE (Bureau d’audiences publiques sur l’environnement) regulatory report may say, that one-stop regulatory framework, clear, concise and non-contradictory, is essential for future development.”

And if the report backs a one-year moratorium?

“Gas has always been heavily regulated in North America, but that would close the door for a very long time,” he said.

This time, the problem might be the messenger

By JOSEE LEGAULT,
The Montreal Gazette
February 4, 2011

While Pauline Marois is busy wooing Parti Quebecois members on the way to their first convention in six years, Jean Charest prepares for what promises to be a make-or-break year for his government, his party and his own political career.

He knows it. Every Quebecer knows it, too. So the premier started off the new year dishing out a bunch of announcements and nominations, including that of former PQ minister Diane Lemieux as the head of the Commission de construction du Quebec.

Then this week, Charest got himself a new chief of staff and proceeded to a surprise mini cabinet shuffle yesterday.

His main strategy appears to be twofold:

Focus on the economy and his “Plan Nord” to take attention away from all those pesky ethics-related stories that explain why most Quebecers keep demanding a public inquiry on corruption and collusion in the construction industry, party financing and patronage.

Attack Marois over her recent statement that passively waiting for “winning conditions” is now over. So get used to hearing Charest repeatedly pull out one of his classic lines: A PQ government equals a referendum. Yup, it’s back. Big time.

In other words, although he’s stuck with devastating polls that just won’t budge, Charest has chosen to fight.

Convinced that time is on his side, he went out of his way yesterday at his press conference to say that a government mandate lasts for five years.

But the real question is: will his actions be enough to help his government dodge the iceberg it has been heading straight toward almost since its re-election back in December 2008? Or will most Quebecers see the premier’s new hyperactive mode as just a classic exercise of shuffling the deck chairs on the Titanic?

Take yesterday’s mini cabinet shuffle. Beside bringing the well-respected Geoffrey Kelley back to cabinet as minister of aboriginal affairs, which is sure to be seen as good news by the anglophone community, not much changed.

As for getting a new chief of staff, Charest’s problem is that Luc Bastien resigned in 2005 as the justice minister’s chief of staff after he was named at the Gomery Commission over allegations that he received \$10,000 from the sponsorship program to work on the Quebec Liberals’ campaign in 1998.

Reminding people of the sponsorship scandal isn't the wisest decision when integrity is such a central theme for Quebec voters.

Charest is also hoping that Lucien Bouchard's recent appointment as president by the gas industry's main lobby group -the Association petroliere et gaziere du Quebec -will have a soothing effect on calls for a moratorium on the exploration of shale gas.

In La Presse, former Liberal minister Benoit Pelletier even went as far as to say that the government was probably not surprised by Bouchard's nomination.

But as I first reported Jan. 27 on my blog at Voir, Bouchard was actually recruited by Calgary-based Talisman Energy Inc., which will also be paying for his services. Chances are that this won't go over too well with the public.

Charest seems to think that his problems are mainly due to bad communications and that therefore getting a few new faces in cabinet and new allies among former pequistes will suffice.

But the time also comes when voter dissatisfaction is no longer only about the message; it's also about the messenger.

The next few months will tell soon enough if such a time has come for Charest and the Liberal Party. As Robert Bourassa said, six months in politics are an eternity.

Charest to deliver fresh inaugural address

By PHILIP AUTHIER,
The Montreal Gazette
February 4, 2011

Quebec Premier Jean Charest tells reporters it is not the day to answer questions as he leaves the Église Saint-Viateur d'Outremont in Montreal after the funeral of Audrey Best Saturday, January 29, 2011.

Photograph by: Peter McCabe, Montreal Gazette



MONTREAL - Premier Jean Charest will deliver a fresh inaugural address to the National Assembly before the end of the month.

Charest made the announcement Friday in Montreal as part of an overall plan to jump-start his government's sagging fortunes.

The speech will outline in broad strokes his government's plans.

The legislature will nevertheless resume sitting Tuesday, with Charest set to suspend the house at any time.

Officials said the premier needs a bit more time to consult various partners before delivering the address, known in the old days as the Speech from the Throne.

In Quebec City, Parti Québécois House leader Stéphane Bédard called Charest's move to deliver the inaugural address so late a "diversion tactic."

Bédard predicted that when the National Assembly resumes sitting Tuesday, the government will have a standard answer to all opposition questions: "Wait until the end of February."

"Obviously, Mr. Charest was not ready, so he preferred waiting until later in February. Quebec will remain paralyzed."

Bédard added that the government should deal with important issues, like calling for a moratorium on shale gas exploration, and wondering if Bill 94, to ban Islamic face coverings in the public sector, would be passed.

“They are out of ideas,” he said. “No one believes (Charest) in Quebec.”

More details to come.

Kevin Dougherty of the Gazette Quebec Bureau contributed to this report

Charest hits the reset button on legislature

The Canadian Press

February 4, 2011

Quebec Premier Jean Charest, beset by political troubles, will briefly prorogue the legislature to return with a new inaugural speech.

The move offers yet another indication of Mr. Charest’s determination to hit the reset button: Over a three-day span this week, he replaced his chief of staff, shuffled his cabinet and, Friday, announced the prorogation.

The stated theme of the inaugural speech suggests the Premier won’t simply be looking to escape his current political morass, but will also be delivering it with an eye on his political legacy.

Mr. Charest promised a forward-looking address that focuses on long-term economic challenges.

“Frankly, we want to look ahead 20, 30 years,” he told reporters.

Governments often use prorogation to update their agenda: In Ottawa, the Harper government has done it, as did Jean Chrétien when he was about to leave office and wanted to set a list of priorities before retiring.

For his part, Mr. Charest said it’s normal to outline his government’s priorities at this stage of its mandate.

The Liberals were re-elected in December of 2008 with a slim majority and can wait until December of 2013 before calling an election.

Quebec’s National Assembly will still resume sitting as scheduled this coming Tuesday after its winter break. The inaugural speech will come later in the month.

“The objective isn’t to prorogue for a long period of time,” Mr. Charest said.

“It’s to prorogue so that we can have an inaugural speech and lay out – after listening and working with our partners – lay out a vision of where we see Quebec as we experience this period of economic growth.”

The Parti Québécois Opposition accused the Premier of using parliamentary tactics to distract people from his government's woes.

The opposition says it won't be deterred from pushing the Liberal government to call a public inquiry into corruption, or to declare a moratorium on shale-gas development. The government has resisted those demands

Charest to address Assembly

Following cabinet shuffle, premier seeks to breathe new life into party

By PHILIP AUTHIER
KEVIN DOUGHERTY OF THE GAZETTE CONTRIBUTED TO THIS REPORT,
The Montreal Gazette
February 5, 2011

Quebec Premier Jean Charest plans to address the National Assembly at the end of the month to outline his government's upcoming legislative agenda.

Fighting to save his floundering government, Premier Jean Charest has announced plans to deliver a fresh opening address to the National Assembly before the end of the month.

One day after a minor cabinet shuffle to bring in some fresh blood, Charest went farther in his plan to breathe life into the operation, saying that almost halfway through a new mandate it's normal to deliver the speech.

The speech is the National Assembly's version of a speech from the throne, where the government outlines its priorities and legislative agenda for the coming years.

The last speech was in 2009, after the 2008 general election.

Charest said Quebec is emerging from the economic crisis, so it is a "fabulous" occasion to spell out where he wants to take the province.

"In terms of timing, it's exactly the right moment," Charest said at a news conference at a downtown Montreal hotel. "We're very excited by what we have in front of us.

"Quebec has come out of this economic crisis with shining colours. We've done exceptionally well.

“And yes, our government has directly contributed to its success. And now we are at the point where we look ahead, as the economy starts to pick up and we ask ourselves: ‘Where does Quebec want to be in the world?’

“I know and I will lay out my vision.”

But Charest said he doesn’t want work at the legislature to grind to a halt in the time he needs to complete a round of private consultations with the province’s main players -business, union and municipalities -to determine their expectations.

For that reason, the National Assembly will sit as planned on Tuesday. At any moment, however, Charest can prorogue or end the current session and start a new one with an opening speech.

Charest, however, dodged questions about whether he hopes the speech makes people forget about the controversies dogging him, such as calls for an inquiry into the allegations of corruption in the construction industry or the uproar over shale gas.

At their caucus meeting in Laval last week, members of the Parti Quebecois said they intend to hit on those very themes when they’re back in front of the government Tuesday.

But Charest was quick to point out PQ leader Pauline Marois has a different priority, and he won’t hesitate to remind Quebecers.

“We know where Mme. Marois wants to bring us: directly in a head-on collision with a referendum, and another few years of infighting in Quebec,” Charest said.

“It will be, I think, politically an important moment to be able to compare and say, ‘Here is what Mme. Marois wants and here’s what we want.’ “

The premier’s announcement came following a morning meeting with various groups involved with the creation of the government’s Northern Plan, a sweeping blueprint for the future of the vast lands north of the 49th parallel.

The government was to have made the plan public before Christmas, but opted to hold further talks with its partners, including representatives of the First Nations.

In Quebec City, Parti Quebecois House leader Stephane Bedard called Charest’s move to deliver the inaugural address so late a “diversion tactic.”

Bedard predicted that when the National Assembly resumes sitting Tuesday, the government will have a standard answer to all opposition questions: “Wait until the end of February.”

“Obviously, Mr. Charest was not ready, so he preferred waiting until later in February. Quebec will remain paralyzed.”

Bedard added that the government should deal with important issues, like calling for a moratorium on shale gas exploration, and wondering if Bill 94, to ban Islamic face coverings in the public sector, would be passed.

“They are out of ideas,” he said. “No one believes (Charest) in Quebec.”

TransCanada can build gas line

The Montreal Gazette

Reuters

February 5, 2011

TransCanada

Corp. said yesterday that regulators have approved its plan to build a \$310 million pipeline to carry gas from the Horn River shale gas region of northeastern British Columbia to market. The new 36-inch pipeline and acquisition of an existing 24-inch line will carry up to 630 million cubic feet of gas per day from the region to a connection with TransCanada’s intra-Alberta pipeline network.

Charest learns from his mistakes - it just takes him a while

By DON MACPHERSON,
The Montreal Gazette
February 5, 2011

Premier Jean Charest is man enough to admit a mistake. It's just that he won't admit it until long after the mistake has become obvious to everybody else.

This week, in preparation for next week's resumption of the National Assembly session and to try to relaunch his government for the second half of its term, Charest on successive days shuffled first his staff, then his cabinet.

In doing so, he belatedly corrected -and tacitly admitted -some of the errors in personnel management (e. g., Marc Bellemare) that have characterized Charest's Liberal leadership.

In the key move in Thursday's mini-shuffle, Charest brought Geoffrey Kelley back into the cabinet after a four-year absence, in a gesture to disgruntled anglophone supporters of the Liberal Party.

Now all four Englishspeaking Liberal MNAs sit at the cabinet table (Lawrence Bergman, while not a minister, does so as chairman of the government caucus).

They might not have much real influence over government policy, since their English-speaking constituents are a captive electorate of the Liberal Party.

But Kelley's promotion might help Liberal fundraising in the English-speaking community. Overall contributions to the party are said to have declined in 2010 for the second year in a row.

Kelley replaced Pierre Corbeil as minister responsible for aboriginal affairs, a post Kelley had previously held from 2005 to 2007, during which he had developed good relations with aboriginal leaders across the province.

But Charest dropped Kelley from his cabinet when he reduced the number of ministers after the 2007 general

elections left him with a minority government.

And after Charest recovered his majority in December 2008, he passed over Kelley, the best possible candidate for the job, in favour of Corbeil, the worst.

More than two years after Corbeil's appointment as aboriginal affairs minister, it's not second-guessing to call that choice an error.

That was obvious immediately, to everybody except the premier.

Corbeil was in the cabinet -and still is, as agriculture minister -mainly because he is the only Liberal MNA from the northwestern Abitibi-Temiscamingue region.

And aboriginal affairs was the worst possible place for the premier to put him, especially given the importance of good relations with aboriginals to the economic-development Northern Plan

that Charest had announced three months earlier.

When Corbeil was appointed, he was already distrusted by aboriginals from when he had been natural resources minister, and because of his connections to the mining industry.

He had barely been sworn in when the Assembly of First Nations of Quebec and Labrador rejected Corbeil's appointment because of his "total incapacity to understand and deal adequately with questions related to First Nations."

Eventually, Charest called on Kelley to assist the minister to try to improve relations between the government and northern aboriginals.

But it was only when Charest had to re-assign the duties of the late agriculture minister Claude Bechard that he replaced Corbeil with Kelley outright.

The day before, Charest had replaced his chief of staff, Marc Croteau, after only 16 months on the job -but nearly a year after Liberals started complaining that Croteau wasn't up to the task.

And in the cabinet mini-shuffle, Nathalie Normandeau kept her natural-resources portfolio. Then again, it's only in the past month that the minister of cow gas has lost all credibility in the shale-gas controversy. So it might be another year or so before Charest is ready to admit she should be moved.

Analysis: Quebec National Assembly resumes

Old battles to be refought, once again

By Kevin Dougherty,
Montreal Gazette
February 7, 2011

Photograph by: Government of
Quebec, Gazette file photo



QUEBEC - If an election were held now, the polls suggest, Pauline Marois would win handily, forming a majority Parti Québécois government, and setting the stage for a third referendum on whether Quebec should become a country.

Premier Jean Charest, who says he does not believe in polls, drew attention to the PQ goal last week as he started setting his ducks in a row with staff changes in the hope of turning around his political fortunes and winning an unprecedented fourth mandate.

The Quebec National Assembly resumes sitting on Tuesday, ending its winter break.

Once again Marois will take on Charest over the record of his eight-year-old government, renewing her call for a public inquiry into alleged construction corruption and demanding a moratorium on shale gas development.

The current session of the assembly began Jan. 13, 2009 and normally, after two years, a government prorogues, starts a new session from zero, and presents a new legislative menu.

Tuesday would be the logical day for an inaugural address.

But maybe Charest's stars are not yet in line.

In an unusual move, Charest has signalled - without giving the date - that he will deliver an inaugural address opening a new session sometime later this month.

Former French prime minister Jean-Pierre Raffarin met with Charest last month and on his blog Raffarin revealed the highlights of Charest's inaugural address.

Raffarin said the premier would reaffirm his goal of a return to zero deficit by 2013-2014, announce "major projects" such as the Plan Nord, for northern development, as well as additional hospital capacity, while stressing the economic record of his government.

Charest also wants to change the look of his government.

Last week he named Luc Bastien as his new chief of staff.

That move drew opposition fire and questions about Charest's judgment.

Bastien resigned in 2005 when he was chief of staff to the then justice minister, after it came to light at the Gomery commission that he received \$10,000 in federal sponsorship money.

The money, officially to promote Canadian federalism in Quebec, instead paid for work Bastien did for Charest's 1998 election campaign, his first as leader of the Quebec Liberals.

Bastien is expected to shake up the premier's entourage in coming weeks.

Charest also made lineup changes in his cabinet, easing the burden of Natural Resources Minister Nathalie Normandeau, who took on the intergovernmental affairs portfolio when Claude Béchard died in September.

Béchard was also agriculture minister. That post went to Municipal Affairs Minister Laurent Lessard.

Charest named Pierre Moreau, a cabinet newcomer, to intergovernmental affairs, serving notice his prime task will be attacking the PQ's sovereignty strategy.

Pierre Corbeil, from the Abitibi region where mining and forestry are more important than farming, becomes agriculture and fisheries minister.

Charest also brought back Geoffrey Kelley, MNA for West Island Jacques-Cartier riding, as native affairs minister, a key position in developing the Plan Nord.

Alain Paquet, who was rumoured to have threatened to resign his Laval-des-Rapides seat, opening a by-election the PQ could win, was named financial institutions minister.

There are challenges ahead in the new session for Marois as well.

The PQ is holding a full party convention in April where she faces a confidence vote.

Privately, Péquistes grumble that Marois, one of the Quebec's most experienced politicians, just isn't exciting enough.

Polls suggest the PQ would do better against Charest with Bloc Québécois leader Gilles Duceppe, who has zero experience running a government.

Charest has to be hoping Marois wins her confidence vote and remains PQ leader.

Shale gas moratorium sought by Quebec groups

CBC News
February 7, 2011

Citizens groups in the St. Lawrence valley met in Drummondville, Que., Sunday with the aim of stopping shale gas development in the province.

Premier Jean Charest's government initially seemed positive about natural gas mining but has recently cooled its support, announcing in late January that it would wait to see results from a study by the provincial impact-assessment agency in February before deciding how to proceed.

But the groups that met this weekend want a moratorium declared now.

Paul Legault, a concerned citizen from Drummondville, said his thoughts on shale gas have grown from hesitation to outright opposition as he has done more research.

Legault said it's too easy for shale gas developers to get rights to private lands, and he's worried about the risk of water contamination.

Quebec's Ministry of Natural Resources said in January it had found leaks of natural gas in 19 of 31 shale gas wells it inspected, which led the government to threaten a stop to the developments, but Legault said it won't mean anything until it's official.

Billions in royalties possible

Quebec is sitting on vast natural gas deposits, with potentially billions in royalties and billions of cubic feet in untapped resources.

They are located in three main regions targeted by the oil and gas industry for exploration, including the regional county municipalities of Lotbinière and Bécancour southwest of Quebec City, and Les Maskoutains northeast of Montreal.

In Saint-Hyacinthe, Québec Solidaire MNA Amir Khadir said shale gas won't do much to benefit locals and that the province should stop fossil fuel development in favour of green energy.

The Parti Québécois opposition has also said it will push the Liberals for a moratorium.

PQ plans to hold Kirpan debate

By Kevin Dougherty
Gazette Quebec Bureau,
Montreal Gazette
February 8, 2011

Back to business: Premier Jean Charest is seen during question period at the National Assembly in Quebec City Tuesday.

Photograph by: Jacques Boissinot, Reuters



QUEBEC — The Parti Québécois opposition has served notice it will stage a debate Wednesday, calling on Liberal MNAs to join the PQ in voting for a ban on wearing the Sikh kirpan in the Quebec National Assembly.

The PQ motion refers to the decision last month by assembly security to bar four religious Sikhs, who were invited to testify before a committee hearing briefs on Bill 94.

Bill 94 would ban the wearing of Islamic face coverings by women, either receiving or dispensing government services, education or health care in Quebec.

The Sikh delegation, two men and two women, planned to testify against Bill 94, arguing the bill is probably unconstitutional because it infringes on freedom of religion, a right guaranteed by both the Quebec and Canadians human rights charters.

“A blanket prohibition on the kirpan is not appropriate,” said Balpreet Singh, legal counsel to the World Sikh Organization of Canada and one of the four Sikhs turned away.

“We would like to have a discussion with the people at the National Assembly,” Singh added.

The Supreme Court of Canada ruled in a 2006 case that the kirpan, a 15-centimetre ceremonial dagger wrapped in fabric and worn under the clothing by devote Sikhs, is not a weapon.

Sikhs wearing kirpans are allowed in the House of Commons and other legislatures across Canada.

Immigration Minister Kathleen Weil would not comment on the decision by assembly security to bar the Sikhs.

“Every institution has its rules,” Weil said then.

Her spokesman said Tuesday that Weil received the Sikh brief and read it, adding that “the National Assembly is an independent institution and we respect its decision.”

The assembly resumed sitting yesterday, after adjourning before Christmas.

In the absence of an Inaugural Address, planned for later this month to set out new priorities for the Charest government, the same acrimonious debates that dominated assembly business before Christmas were revived.

PQ leader Pauline Marois again called for a public inquiry into the construction industry and a moratorium on shale gas exploration.

And Premier Jean Charest said the government favours police work to gather evidence of construction corruption.

On shale gas, the premier repeated that Bureau d’audience publiques sur l’environnement, Quebec’s environmental impact body, is to present its report on shale-gas development by the end of the month.



Premier Jean Charest is given a round of applause during question period at the National Assembly in Quebec City Tuesday. Photograph by: Jacques Boissinot, Reuters

‘No leadership’ on energy: senator

By Monique Beaudin,
Montreal Gazette
February 8, 2011

Canadians are among the largest per capita energy users in the world, yet the country has no national vision for its energy future, says a federal senator leading a two-year study into the issue.

And coming up with one could prove difficult.

“There doesn’t seem to be a cohesive policy, and there’s no leadership,” Senator David Angus, chairman of the Standing Senate Committee on Energy, the Environment and Natural Resources, said yesterday.

That’s why the committee began looking into energy issues in 2009, hoping to draw up guidelines for a “road map” for Canada’s energy future. It was in Montreal this week to meet the CEOs of Hydro-Québec and Gaz Métro, as well as representatives of the shale-gas industry, and held public hearings yesterday. They plan to visit all regions of the country before presenting a report to the House of Commons in June.

While there was consensus at yesterday’s hearing that an energy strategy will have to deal with reducing the greenhouse gas emissions that lead to climate change, how that could be done wasn’t clear.

Take drilling for shale gas, which has provoked a public outcry in Quebec. A representative of one of Quebec’s oldest environmental groups told the senators not enough is known about the environmental and social impact of drilling for that type of natural gas. And it’s not clear whether using shale gas instead of other fossil fuels will cut emissions, said Patrick Bonin of the Association québécoise de lutte contre la pollution atmosphérique.

Claude Robert, president of Robert Trucking Inc., told the senators a plan to convert his fleet of trucks to natural gas would cut emissions by at least 25 per cent. But he said he can’t get his natural-gas fuelled trucks on the road because he’s dealing with the bureaucracy of three different levels of government.

But Bonin noted the Réseau des ingénieurs du Québec says using biofuels produced at landfill sites could be a better choice in the long term for trucking than switching to natural gas.

In its presentation, Greenpeace Quebec said that more of a focus needs to be put on energy efficiency and investing in renewable energies.

Shale gas foes draw 128,000 to petition

By Philip Authier,
Montreal Gazette
February 8, 2011

With a new 128,000-name citizen petition in hand, a coalition of environmental groups and two National Assembly opposition parties have renewed calls for a moratorium on shale gas development.

But the government continued to shield itself behind its environmental impact assessment agency, which is due to produce a report on rules governing the industry by Feb. 28.

With the National Assembly resuming sitting after a Christmas break, the citizen's group, Non au pétrole et au gas, arrived with a copy of a National Assembly online petition ready.

Québec solidaire MNA Amir Khadir, who acted as the petition's sponsor, was on hand to meet and applaud them, as was Parti Québécois mining critic Scott McKay.

"It (the development) makes no sense," citizen group spokesperson Marie-Hélène Parant said at a news conference before the petition was tabled in the legislature.

"Right now the BAPE (the Bureau d'audiences publiques sur l'environnement) does not satisfy us, because it is dealing with questions of how," added Christian Vanasse, a St. Jude city councillor and coalition member. "What interests us is why and to that question, our municipality's citizens have answered, 'No thanks.' "

And as was the case before Christmas, the shale gas issue was at the top of PQ leader Pauline Marois's questions for Premier Jean Charest.

But Charest, who started to toughen his line toward the industry over the holidays, fell back on the pending report as a line of defence.

But he added that the shale gas industry only has a future in Quebec if it can prove it can operate respecting the environment and public health and safety.

"So it will happen correctly or there will not be any (industry)," Charest said.

Shale gas debate ‘not responsible,’ CEO says

By Lynn Moore,
Montreal Gazette
February 9, 2011

South Shore citizens groups demonstrate against shale-gas drilling in November 2010. Michael Binnion, CEO of Calgary-based Questerre Energy Inc., characterized resistance to shale gas development as largely being driven by uninformed opinion circulated on social media.

Photograph by: Phil Carpenter, Gazette file photo



There is “no responsible debate” about shale gas development in Quebec, according to the CEO whose company has spearheaded the current round of exploration in the province.

In a meeting with Gazette journalists Wednesday, Michael Binnion, CEO of Calgary-based Questerre Energy Inc., characterized resistance to shale gas development as largely being driven by uninformed opinion circulated on social media.

“We (in industry) think it takes a four-year university degree and 20 years of experience to figure it out, and now we are dealing with people who think they can figure it out after 10 minutes on the Internet,” he said.

A viable shale gas industry would supply Quebec with another energy source, jobs, a “cash crop” for some landowners and other economic spinoffs.

But prerequisites for development include “social acceptability” and a legislative framework for production, Binnion said.

Most gas exploration is being done in the St. Lawrence Lowlands between Longueuil and Quebec City. About 31 wells have been drilled so far.

Public opposition to shale gas development, including calls by environmental and citizens groups for a moratorium on drilling until questions about water and air pollution are answered, is scaring away investors and risk capital, he said.

It is “slaughtering” the share prices of Quebec’s junior gas companies while larger companies are taking exploration money out of Quebec to more promising areas.

Exploration is expensive — a recent pilot well cost \$15 million — he said.

More wells are needed to provide technical data before an economic feasibility study could be undertaken, an exercise that would cost about \$500 million, Binnion said.

If development was deemed feasible, another \$2 billion would be needed for pipeline and related infrastructure.

Quebec’s environmental watchdog agency — known by its acronym BAPE — is assessing the environmental impacts of shale gas drilling and the “fracking” technology used. It is to present a report to the government by the end of February.

Accredited university professors who have studied shale gas development are among those who have recently urged Quebec to await the results of a major analysis undertaken of the shale gas industry by the U.S. Environmental Protection Agency.

Asked about the option of a moratorium on development until the EPA’s work is done, Binnion said that there is already a de facto moratorium because Quebec doesn’t have legislation concerning production, only exploration.

PetroChina pays \$5.4B for Encana gas stake

Reuters
February 9, 2011

A pumpjack just on the edge of the Encana plant.

Photograph by:
Joshua
Sawka/Postmedia
News files, Joshua
Sawka/Postmedia
News files



CALGARY, Alberta - Encana Corp. said Wednesday it will sell half of a prolific British Columbia shale gas project to PetroChina for \$5.4-billion in the largest Chinese investment in a Canadian energy asset yet.

After nine months of talks, Encana, one of the North America's largest gas producers, and state-owned PetroChina agreed to form a 50-50 joint venture to develop the Cutbank Ridge lands in northeastern B.C.

The deal's value surpasses Sinopec Corp.'s US\$4.65-billion acquisition of ConocoPhillips' stake in the Syncrude Canada oil sands venture last year as Chinese and other Asian energy companies intensified buying spree in Canada's oil patch.

Encana said the venture will let it accelerate development of its reserves while keeping a lid on capital investments at a time of weak natural gas prices.

Cutbank Ridge, comprising 635,000 net acres (257,000 hectares), currently produces 255 million cubic feet of gas a day from proved reserves of about 1 trillion cubic feet.

The deal is subject to approvals by the Canadian and Chinese governments, Encana said.

Opposition scares investors: CEO

Executive slams shale gas hostility

By Lynn Moore,
Montreal Gazette
February 9, 2011

“We (in industry) think it takes a four-year university degree and 20 years of experience to figure it out, and now we are dealing with people who think they can figure it out after 10 minutes on the Internet,” says Michael Binnion, CEO of Calgary-based Qwesterre Energy Inc.

Photograph by: Dave Sidaway, Dave Sidaway / THE GAZETTE



There is “no responsible debate” about shale gas development in Quebec, according to the CEO whose company has spearheaded the current round of exploration in the province.

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Study strengthens case for moratorium on shale gas wells, Quebec group says

By Michelle Lalonde,
Montreal Gazette
February 10, 2011 8:02 PM

A recent American study that projects significant increases in air pollution in and beyond regions where shale gas wells are drilled strengthens the case for a moratorium on the industry in Quebec, a local air pollution watchdog group said Thursday.

The study on the Haynesville Shale region, which straddles the Texas and Louisiana border, provides “yet more reasons to impose a complete and immediate moratorium on the exploration and exploitation of shale gas in Quebec,” said André Belisle of the Association québécoise de lutte contre la pollution atmosphérique at a news conference in Montreal.

Belisle said most of the regions south of the river between Montreal and Quebec City, where the shale gas industry hopes to develop during the next 20 years, already have an air-pollution problem.

The AQLPA calculates those regions average almost 40 days of “bad” air quality per year and their air quality ranks as “good” only about 50 per cent of the time.

The Haynesville Shale study, published in November in the Environmental Science & Technology journal, looks at an area in the Southern U.S. where shale gas exploration has been going on since 2008. It predicted that air pollution and smog will increase significantly not only in the immediate area of drilling, but in the surrounding regions through the year 2020 even under a slow development scenario.

No similar study has been done in Quebec, but the province’s public health institute has expressed concern about increases in air pollution from trucks and equipment associated with shale gas development.

Pollutants such as nitrogen oxides (NO_x) are emitted during well drilling, rock fracturing and from compressor engines used to produce and transport the gas. Volatile organic compounds (VOCs) are emitted from many processes, including venting and completion of wells, dehydration of produced natural gas and fugitive emissions from well and pipeline components, the study says.

The study concludes that shale development provides cause for concern about future air quality in the Haynesville Shale region, and even if development proceeds at a relatively slow pace, the study concludes, emissions from exploration and production activities will be sufficiently large that they may affect the ability of these areas to meet nationally-set air quality standards.

A study by the Canadian Medical Association estimated health costs associated with poor air quality in Quebec at \$2 billion in 2008. Poor air quality increased hospital admissions by about 2,600 in the province and emergency visits by more than 19,000 that year.

Quebec's public health institute estimates 2000 people die from causes related to poor air quality each year.

"It is urgent to attack these issues of air quality and atmospheric pollution by strengthening air pollution laws," Belisle said. "Quebec must, without delay, adapt its rules and regulations to protect the public interest."

Here is the link to the [Haynesville Shale study](#):

Shale wells pollute air: U.S. study

Quality already poor in Quebec's shale region

The Montreal Gazette
By Michelle Lalonde,
February 10, 2011

A recent U.S. study that projects significant increases in air pollution in and beyond regions where shale gas wells are drilled strengthens the case for a moratorium on the industry in Quebec, a local air pollution watchdog group said yesterday.

The study on the Haynesville Shale region straddling the Texas and Louisiana border presents "yet more reasons to impose a complete and immediate moratorium on the exploration and exploitation of shale gas in Quebec," André Bélisle of the Association québécoise de lutte contre la pollution atmosphérique said at a news conference in Montreal yesterday.

Bélisle said the region on the south shore of the St. Lawrence River between Montreal and Quebec, where the shale gas industry hopes to develop over the next 20 years, already has an air pollution problem.

The AQLPA calculates that region averages almost 40 days of "bad" air quality per year, and air quality ranks as "good" only one of every two days. That shows Quebec needs to beef up its air quality regulations, Bélisle said, before adding shale gas development to the mix.

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Pollutants such as nitrogen oxides and volatile organic compounds are emitted during well drilling, rock fracturing, production and transmission of the gas, venting and completion of wells, dehydration of produced natural gas and fugitive emissions from well and pipeline components, the study says.

The study concludes that shale development provides cause for concern about future air quality in Texas and Louisiana.

Shale-gas opposition growing: poll

Monique Beaudin,
The Montreal Gazette
Gazette Environment Reporter
February 15, 2011

South Shore citizens groups demonstrate against shale-gas drilling in November 2010. Michael Binnion, CEO of Calgary-based Questerre Energy Inc., characterized resistance to shale gas development as largely being driven by uninformed opinion circulated on social media.

Photograph by: Phil Carpenter, Gazette file photo



MONTREAL - A new survey has found that opposition to shale-gas drilling in Quebec is growing.

The survey, done for Le Devoir newspaper, found that 55 per cent of Quebecers are against shale-gas drilling, up from 37 per cent in a similar survey done in September. Opposition was even higher -- 75 per cent -- among people who said they were aware of the issue.

Three-quarters of respondents said they wanted a moratorium on shale gas drilling. But about half of the people opposed to shale gas drilling said they would be open to it if a moratorium was put in place and independent studies found that it could be drilled safely and with minimal environmental impacts.

The Internet survey of 1,000 people was done between Feb. 4 and 6 by the Senergis polling company.

Charest shrugs off growing petition

By Kevin Dougherty,
February 16, 2011

QUEBEC - While Premier Jean Charest laughed off a petition presented in the National Assembly yesterday calling for his resignation, Steve Brosseau, the hospital porter who launched the appeal for signatures, called on others to continue his campaign to drive Charest from office.

“My name is Steve Brosseau, a simple citizen who is fed up with the present situation in Quebec,” Brosseau told reporters. His petition asks that the premier resign for three reasons:

- Charest’s refusal to call a public inquiry into allegations of construction corruption;
- Charest’s refusal to call a moratorium on shale gas development;
- Increases in taxes and fees for public services by the Charest government.

Brosseau, who said he got the idea for a petition after starting a Facebook group to oppose Charest, was accompanied by Amir Khadir, the only Québec solidaire MNA and the only assembly member who agreed to present his online petition.

With 247,379 verified signatures, it is by far the petition signed by the most people to be presented to the National Assembly since the practice of allowing online petitions began in the fall of 2009. Khadir noted that most assembly petitions garner signatures in the thousands, hundreds or even fewer, calling the result “excessively significant.”

But Charest minimized its impact yesterday. “Didn’t Rick Mercer get 600,000 names for Stockwell Day to change his name to Doris?” he asked on his way to the assembly’s daily question period.

In 2000, television personality Mercer launched his online petition to lampoon Day, at the time leader of the Canadian Alliance and today Conservative Public Security minister in Ottawa.

Brosseau said he would like Quebec to adopt recall petitions, now an option in British Columbia. A member of the B.C. legislature can be removed from office if more than 40 per cent of eligible voters sign a recall petition within a 60-day period.

Petition calling for Quebec Premier Charest to quit illegitimate: Liberals

RHÉAL SÉGUIN
Globe and Mail
February 16, 2011

A petition signed by close to a quarter million Quebecers calling for the resignation of Premier Jean Charest is illegitimate and should never have been allowed, according to the Liberal government.

Intergovernmental Affairs Minister Pierre Moreau says the government wants the National Assembly to prohibit such petitions from ever being presented to the public again.

“It’s not legitimate because it’s not within the jurisdiction of the National Assembly to ask for something like this,” Mr. Moreau said. “I am absolutely confident that we will never again see such a petition no matter who is there [as Premier].”

Mr. Moreau said the procedure for issuing a National Assembly petition requires that it be within the legislature’s jurisdiction. He argued that the National Assembly doesn’t have the jurisdiction to call on an elected member to resign based on a petition. An MNA’s dismissal can only be requested by an all-party National Assembly board that manages the legislature’s internal affairs, Mr. Moreau argued.

When the petition was presented online on the Quebec National Assembly website in mid-November, it had been approved by the secretary-general of the National Assembly. The secretary-general is the highest ranking public servant in the assembly. All the criteria had been met according to the petition’s sponsor, Québec Solidaire MNA Amir Khadir.

Within days, the petition became a lightning rod for a groundswell of anti-government sentiment, attracting a massive number of signatures in calling for Mr. Charest’s resignation. The online site nearly crashed when thousands vented their anger at the government. The media frenzy that followed added to the Liberal government’s embarrassment at a time it was attempting to fend off allegations of unethical practices.

When Mr. Khadir tabled the petition in the National Assembly on Wednesday, 247,379 people had signed it. The petition calls for a public inquiry into the ties linking the awarding of government contracts and political donations, a moratorium on the development of shale-gas reserves, as well as changes to unpopular measures contained in last year’s provincial budget.

“It’s very significant because it had a very symbolic and strong impact on public opinion,” Mr. Khadir said. “This petition crystallizes all that discontent toward this government.”

The man who initiated the petition, Steve Brosseau, 36, said the government has lost touch with the concerns of Quebecers and that his initiative should serve as a wakeup call to the Liberals.

“This isn’t a vendetta against the Quebec Liberal Party,” Mr. Brosseau insisted. “It calls into question its leader [Jean Charest] ... and there can be only one solution and that is to massively take whatever means possible to call for his immediate dismissal.”

A spokesperson for the secretary-general of the National Assembly declined to comment on the Liberal government’s demand for a ban on petitions calling for the resignation of the Premier. The secretary-general will not get involved in what may be considered a partisan political debate, the spokesperson said.

Shale-gas opposition is growing, survey concludes

By MONIQUE BEAU DIN,
The Montreal Gazette
February 16, 2011

After months of public hearings, demonstrations and demands for a shale-gas moratorium, a new survey has found opposition to shale-gas drilling in Quebec is growing.

The survey, done for Le Devoir, found 55 per cent of Quebecers are against drilling for natural gas, up from 37 per cent in a similar survey done in September. The opposition was even higher -75 per cent -among people who said they were aware of the issue.

But a significant number - just more than half of respondents who said they were opposed to drilling - said they would be open to drilling if a moratorium was put in place and independent research showed shale gas could be extracted safely and with little environmental impact.

Three-quarters of respondents said they want a moratorium. Last week, a petition with more than 128,000 signatures calling for a moratorium was deposited at the National Assembly.

In less than two weeks, the Bureau d’audiences publiques sur l’environnement is to hand over its report on development of the shale gas industry to Quebec Environment Minister Pierre Arcand.

Quebec to announce creation of anti-corruption unit Friday

By Kevin Dougherty
The Montreal Gazette
Gazette Quebec Bureau,
February 17, 2011

QUEBEC — Two ministers in the Charest government will announce Friday the creation of a permanent anti-corruption unit to root out corruption, collusion and the influence of organized crime in Quebec's construction industry.

Public Security Minister Robert Dutil and Labour Minister Lise Thériault will explain the role of the unit Friday, but the head of the unit will only be named later.

Lately, big-name Péquistes — former premier Lucien Bouchard and former Parti Québécois minister Diane Lemieux — have come to the aid of embattled Liberal Premier Jean Charest.

Bouchard was hired as spokesperson for the controversial shale gas industry, which Charest favours, while Lemieux has a mandate to clean up Quebec's construction commission.

On Thursday, it looked for a while like the Liberals had scored a PQ hat trick.

Radio-Canada, backed by "several sources," reported that Serge Ménard, a former PQ minister and now a Bloc Québécois MP, would head a proposed permanent anti-corruption unit.

After letting the story float for a while without comment, the premier's press secretary denied Thursday morning Ménard was being considered for the job.

On Thursday, Ménard announced he would not be running in the next federal election.

Charest has proposed the anti-corruption unit, modelled on New York City's Department of Investigations, as his alternative to the public inquiry PQ leader Pauline Marois is seeking.

Charest has refused to call a public inquiry, in spite of a polls, such as one released this week by Léger Marketing poll indicating 76 per cent of Quebecers want a public inquiry.

Talisman loses \$304 million in Q4

The Montreal Gazette
February 17, 2011

Talisman Energy Inc., the Calgary-based energy firm leading the quest for shale gas reserves on the south shore of the St. Lawrence in Quebec, yesterday posted a fourth-quarter loss of \$304 million, up from a loss of \$111 million in a year earlier.

Resources: the next battle

By JOSEE LEGAULT,
The Montreal Gazette
February 18, 2011

The hot-button issue of natural-resource development is fast becoming another political liability for the Charest government.

Chances are it's already crippling the Liberal brand as much as the premier's stubborn refusal, for two years now, to set up a public inquiry into the construction industry, patronage and the financing of political parties.

Both issues betray this government's marked bias toward the Liberal-friendly private sector, all too often to the detriment of the interests of the taxpayer.

In that, they both fall under the heading of "Beware: potential ethical problems ahead."

The fact is that in Quebec, as in all advanced societies, the crucial issue of how to benefit from, control and regulate the exploitation of natural resources while respecting the environment has become a sensitive topic of collective interest.

There's no denying resources are a central part of Quebec's long-term economic development.

On that front, the Charest government has moved in ways that increasingly raise suspicion that it might be selling out some of those essential resources to private interests, be they foreign, based in the rest of Canada, or here.

For months now, the controversial and environmentally risky exploration of shale gas in some populated regions by well-connected Liberal-friendly companies has angered and worried a growing proportion of Quebecers.

On Tuesday, a Senergis poll for Le Devoir showed that 55 per cent of Quebecers oppose even the first phase of exploration of shale gas. Last September, opponents were 35 per cent.

Then on Wednesday there were reports of another Senergis poll, this one for the Réseau des ingénieurs du Québec, finding that 59 per cent of engineers are dead set against the exploitation of shale gas and 75 per cent approve of a moratorium on the industry long enough to do environmental studies.

Even more devastating for Charest is that 76 per cent of these engineers are convinced that the government “acts mainly in the interest of the industry.” Now that hurts. But it also shows how widespread that perception of the Liberal government has become in Québec.

Yesterday, a study by the Institut de recherche et d’informations socioéconomiques concluded, contrary to the industry’s claims, that shale gas isn’t “clean energy” and that its exploitation could actually cost taxpayers billions to service the industry’s public infrastructure needs across the territory.

So for Québecers, how the government has handled the issue of energy-based natural resources raises worries that collectively they won’t benefit much from it, and that protection of the environment isn’t exactly the industry’s primary interest.

For the government, it’s becoming a political nightmare.

Next week, Charest will try to convince Québecers otherwise as he delivers a speech that is sure to address this thorny issue.

He’ll also turn to former PQ premier Lucien Bouchard, a fellow former federal Conservative minister, in the hope that he can assuage the growing anger out there.

On Monday, Bouchard will officially start his new job as president of the shale gas industry’s main lobby group, the Association pétrolière et gazière du Québec.

But Charest’s problem is that people know Bouchard was recruited by the Albertabased company Talisman Energy Inc., where one of Charest’s former chiefs of staff also happens to work.

Moreover -as I first reported three weeks ago on my blog at voir.ca-Talisman Energy will also be paying for Bouchard. That’s no small detail for a former premier who proposes to create a “consensus” between the industry and the population.

Chances are that as charismatic as Bouchard might be, most Québecers won’t find much credibility in someone whose services are being paid by an industry that they clearly do not trust.

Reset: New Assembly session starts Wednesday

By Kevin Dougherty
The Montreal Gazette
Gazette Quebec Bureau,
February 22, 2011

In his speech Wednesday, Jean Charest will announce his determination to balance Quebec's budget, outline plans for his ambitious Plan du Nord, announce more money for health care and brag about the economic record of his government, former French prime minister Jean-Pierre Raffarin says in his blog. Photograph by: Jacques Boissinot, Reuters



QUEBEC — Premier Jean Charest hits the National Assembly “reset” button Wednesday, opening a new legislative session with the hope of erasing from the minds of Quebec voters the controversies that have plagued his government for the last two years.

Charest said last month he planned to prorogue the first session of the 39th legislature, which began on Jan. 13, 2009, after his Dec. 8, 2008, election win.

And he leaked some points in his speech to visiting former French prime minister Jean-Pierre Raffarin.

Charest will announce his determination to balance Quebec's budget, outline plans for his ambitious Plan du Nord, announce more money for health care and brag about the economic record of his government, Raffarin revealed in his blog.

But the premier refused to give a date until Tuesday morning when he announced the timing of the inaugural, or opening address, after an all-night sitting of the assembly.

Rules were suspended to adopt a back-to-work law, ending a two-week strike by 1,500 crown prosecutors and other government lawyers.

Charest's new beginning comes in the same week that François Legault, the former Parti Québécois minister who has renounced the goal of Quebec sovereignty and is itching to get back into politics, presented his coalition for the future of Quebec.

Charest's Quebec Liberals are already trailing Pauline Marois's Parti Québécois in the polls and a Léger Marketing Internet poll suggested a party led by Legault would beat Marois and Charest.

Charest has the comfort of knowing that Legault does not have a party and is unlikely to field one for the next election.

But the poll does show voter discontent with Marois as well as with Charest that the premier might try to turn to his advantage.

Charest's refusal to call a broad public inquiry into allegations of corruption and collusion to fix prices in Quebec's construction industry has contributed to his 76-per-cent voter-dissatisfaction rating.

Quebecers are also unhappy about his enthusiasm for shale gas development, which has met a wall of social unacceptability in most regions where exploration is under way.

Last month, former PQ premier Lucien Bouchard agreed to head the industry association representing shale-gas exploration companies.

And the Charest cabinet named Diane Lemieux, a former PQ labour minister, to head the Commission de la construction du Québec, funded by construction companies and construction unions, joining Charest's alternate plan to police the construction industry, without calling a public inquiry.

Then there were rumours, which proved untrue, that Charest had recruited a third former PQ minister, Serge Ménard, to head a permanent anti-corruption unit.

The unit has been announced, without a head, and Charest will surely highlight its creation in his speech Wednesday.

BHP Billiton makes \$4.75B push into U.S. shale gas

By Sonali Paul,
Reuters
February 22, 2011

MELBOURNE - BHP Billiton struck a deal to buy shale gas reserves from Chesapeake Energy Corp. for \$4.75 billion, pitting itself against oil giants and China in the battle for the fast-growing energy source in North America.

The deal marks the top global miner's first attempt at picking up assets since failing on three mega-deals over the past three years, and sets it farther apart from its mining peers with a big bet on the world's biggest gas market.

"BHP have had (three) multibillion-dollar deals that have tipped over, so the market should be pleased that this is one that is going to go through. And it is a change of direction in terms of looking at their petroleum division," said Ric Ronge, portfolio manager at Pengana Capital.

BHP said it was buying Chesapeake's 75 per cent stake in Arkansas's Fayetteville shale natural gas field, put up for sale by the No. 2 United States gas producer just two weeks ago to help trim a \$15-billion long-term debt load.

Chesapeake's decision to see the stake sparked talk that the company was bowing to pressure from billionaire Carl Icahn, who doubled his stake in Chesapeake to six per cent in December, saying it was undervalued.

Following a shale gas asset buying spree and in the face of persistently low natural gas prices, the company has said it wants to back away from gas and look for oil instead.

Energy firms invested billions of dollars to develop shale gas in the United States in recent years, flooding the U.S. natural gas market with supply and weighing down prices.

Shale gas is gas extracted from shale rock using a technology called hydraulic fracturing, or "fracking."

The deal with Chesapeake pits BHP head-to-head against China in a race for global energy assets, following state-owned PetroChina's \$5.4 billion agreement to buy shale gas stakes from Canada's largest gas producer, Encana Corp., this month.

China's CNOOC had earlier bought \$2.4 billion of shale stakes from Chesapeake, and Indian energy firms, including Reliance Industries, have also snapped up such assets.

"While people are moving into shale, it's an early-stage technology. The asset grab might happen at some stage, but the price BHP is paying shows the market's not yet hot," said Hayden Bairstow, resources analyst at CLSA.

“You need to be able to weather low prices for a few years. Obviously, someone the size of BHP can do that.”

BHP’s petroleum chief, Michael Yeager, was bullish that U.S. gas prices would improve as demand for cleaner energy grew, and said that even at current levels, the company would make healthy earnings margins on shale gas.

Petroleum is currently BHP’s second-best performing business, after iron ore, in terms of earnings margins.

BHP shares were down 0.3 per cent Tuesday morning in London, compared with a 0.9 per cent dip in a British mining index. The stock also outperformed in Sydney.

“With deal value at two per cent of current market cap, the acquisition looks to be a small positive,” Liberum Capital said.

Shares of Chesapeake, due to report quarterly earnings after the U.S. market close, were poised to rally, gaining 8.4 per cent in premarket trading to \$33.00.

BHP will pay \$1.77 per 1,000 cubic feet of gas (Mcf) of proved reserves. ExxonMobil bought Petrohawk Energy’s Fayetteville shale assets in December, valuing its reserves at \$1.92 per Mcf.

BHP, which will fund the deal from its \$16.1 billion cash pile, is paying much less than the \$1.9 billion BP paid Chesapeake in 2008 for 25 per cent of the same shale gas field.

“It’s opportunistic, there’s no doubt about that,” Bairstow said.

BHP, Australia’s largest oil and gas producer, will see its reserves rise by nearly half to 1.7 billion barrels of oil equivalent (BOE) as a result of the deal.

The company’s acquisition strategy has shifted focus to its petroleum division after regulatory and political obstacles dashed its \$39-billion takeover bid for Saskatchewan fertilizer maker Potash Corp., a full takeover of Rio Tinto, and an iron ore joint venture with Rio Tinto.

“It is probably the only division BHP has where they are not going to run into regulatory or anti-trust issues with an acquisition of size,” said Ronge, whose resources fund owns BHP shares.

Last week, BHP played down the prospect of large-scale acquisitions and said it planned to spend around \$80 billion on expansion over the next five years to cash in on booming commodity prices. Analysts said this deal would not impinge on those plans at all.

BHP aims to triple daily output from the new asset as the field is developed, spending \$800 million to \$1 billion annually over 10 years, Yeager said.

That would help it meet a target to increase its daily production by about 40 per cent to 600,000 BOE equivalent by 2016, including its liquefied natural gas projects in Western Australia and oil and gas in the Gulf of Mexico.

Yeager was confident BHP would not run into any competition or environmental issues with the deal.

Chesapeake was advised by Jefferies & Co. on the deal, which is expected to close in the first half of 2011.

Opinion: Development of Quebec's natural-gas resources deserves a chance

By MICHAEL BINNION (CEO, Questerre Energy Inc.)
The Montreal Gazette
February 23, 2011

Nothing better symbolizes what it means to be Canadian than the *coureurs des bois*. As Canada's first entrepreneurs, they conquered North America by discovery. Since 1608, Canadian history has flowed east to west led by explorers from Cadillac to La Vérendrye to Father Lacombe.

Quebec is still a leader in exploration - exploring and developing natural resources. Quebec leads Canada, which in turn leads the world, in hydro-electricity. According to the Fraser Institute, it is the best jurisdiction in the world for mining. In company with nations like Norway, Quebec shows the world the way in sustainable development. Quebec has not just taken advantage of its resources, but has proven that you can be a leader in resource development and sustainable development at the same time.

Canada is also a world leader in natural gas. This country has some of the largest shale-gas deposits in North America. Development of these resources is essential to North America and the world. There are 2 billion people in the world without electricity. One billion people expect to join the middle class in the next generation, and without affordable natural gas their only practical fuel options will be oil and coal. One billion new people joining the middle class on the back of oil and coal will not only stress our financial and ecological resources worldwide; it will strain international relationships too.

It is not only Quebec that has embraced sustainable development principles. So has Western Canada. We deliver natural gas to North America at the affordable prices everyone wants, with the ever-reducing environmental footprint everyone demands. The Canadian oil and gas industry is very proud of having the best industrial-safety record of any industry except office work. We are also proud of having the best regulatory systems in the world and that we have been developing shale gas for years with the best environmental record in North America.

Now there is a chance to change the flow of Canadian history. A chance for Western Canadian capital and experience to come together with Quebec's experience and way of doing things. A chance to develop another world-class resource, discovered in the St Lawrence Lowlands. Rather

than importing about \$2 billion per year in natural gas, Quebec can produce it from under its own feet.

We Canadians are the best in the world at developing natural resources. How much better than best do we need to be to gain the trust to move forward?

Are there risks and impacts? Of course there are. Are the risks and impacts anything like what you have seen reported in the media in Quebec? Of course not. If they were, why do the vast majority of farmers in Saskatchewan, Alberta and British Columbia still welcome us on their land? We have to be responsible - and we are - because our business depends on the goodwill and trust of rural people.

Our company first came to Quebec in 1985 after Soquip was disbanded due to years of failure in achieving energy independence for Quebec. We drilled wells that were also failures, but we learned something about the Utica shale. We came back in 1998 with a new geological idea - to look in different types of rock.

We have spent along with our partners over \$200 million so far. We are still a long way from proving there is commercial natural gas in Quebec. We believe it could take up to another \$500 million in risk capital.

In February of 2010, Questerre first published the prerequisites for committing this capital:

More technical data about how much gas there is and how much wells will cost.

How much wells will cost. Implementation of effective and efficient regulation designed for exploitation, not just exploration.

A local service sector to reduce costs while providing both local benefits and community acceptance.

Even though there are no plans to commence exploitation, professional opponents ask for a moratorium any way. They know that until we have a plan we will not have social acceptability. They know that until we have more technical data we cannot have a plan. It is clear they want a moratorium so that we can never create a plan and never gain social acceptability.

We are asking Quebec to give us a chance to finish our work started so long ago. Give us a chance to show that natural gas can be developed for the benefit of all Quebec. Give us a chance to show that a new service-sector industry will bring prosperity to small towns and farmers. Finally, let us demonstrate that Quebec, working with Western Canadian capital and expertise, can be the best at developing natural gas, just as it is with its other resources.

New legislative session begins today amid voter unrest

Poll shows discontent for Liberals and PQ

By KEVIN DOUGHERTY,
The Montreal Gazette
Gazette Quebec Bureau
February 23, 2011

Premier Jean Charest hits the National Assembly “reset” button today, opening a new legislative session, with the hope of erasing from the minds of Quebec voters the controversies that have plagued his government for the last two years.

Charest’s new beginning comes in the same week that François Legault, the former Parti Québécois minister who has renounced the goal of Quebec sovereignty and is itching to get back into politics, presented his coalition for the future of Quebec.

Charest said last month he planned to prorogue the first session of the 39th legislature.

And he leaked some points in his speech to visiting former French prime minister Jean-Pierre Raffarin. Charest will announce his determination to balance Quebec’s budget, outline plans for his ambitious Plan du Nord, announce more money for health care and brag about the economic record of his government, Raffarin revealed in his blog.

Charest’s Quebec Liberals are already trailing Pauline Marois’s Parti Québécois in the polls, and a Léger Marketing Internet poll suggested a party led by Legault would beat Marois and Charest.

Charest has the comfort of knowing that Legault does not have a party and is unlikely to field one for the next election.

But the poll does show voter discontent with Marois as well as with Charest that the premier might try to turn to his advantage.

Charest’s refusal to call a broad public inquiry into allegations of corruption and collusion to fix prices in Quebec’s construction industry has contributed to his 76-percent voter dissatisfaction rating.

Quebecers also are unhappy about his enthusiasm for shale gas development, which has met a wall of social unacceptability in most regions where exploration is under way.

Last month, former PQ premier Lucien Bouchard agreed to head the industry association representing shale-gas exploration companies.

And the Charest cabinet named Diane Lemieux, a former PQ labour minister, to head the Commission de la construction du Québec, funded by construction companies and construction

unions, joining Charest's alternate plan to police the construction industry, without calling a public inquiry.

Then there were rumours, which proved untrue, that Charest had recruited a third former PQ minister, Serge Ménard, to head a permanent anti-corruption unit.

The unit has been announced, without a head, and Charest will surely highlight its creation in his speech today.

Beleaguered Charest looks for new lease on life

RHÉAL SÉGUIN
Globe and Mail
February 23, 2011

If anyone thought Jean Charest was going to go down without a fight, think again.

Nearing midterm, mired in allegations of corruption and unethical practices, the Quebec Premier delivered an assertive and forward-looking inaugural speech in the National Assembly on Wednesday, proposing an ambitious program that he hopes will give his battered government a new lease on life.

Mr. Charest invited Quebeckers to set aside the acrimonious debates that have crippled his government over the first half of its mandate and look to his Liberals to deliver prosperity

“In our debates we are often harsh on ourselves. ... Making the right decisions demands that we have the right outlook, an outlook that is free from complacency and denigration,” Mr. Charest said.

But the task won't be easy. Urging voters to take a leap of faith in a government whose disapproval rating was at a record 77 per cent, according to a recent public opinion poll, may well turn into an insurmountable challenge.

Any chance of success may hinge on Mr. Charest's ability to deliver quickly on his new commitments. His proposals for the development of electric cars, newly discovered oil and gas reserves and Northern Quebec's mining potential will take years to pay political dividends to help boost his party's sagging fortunes.

In Wednesday's speech, the Premier announced a bold initiative, one that he hopes will portray him as a great environmentalist. He announced the electrification of public-transit vehicles and a strategy to encourage consumers to buy electric and hybrid cars. Quebec, he said, will reduce its dependence on fossil fuels over the next ten years from 38 per cent of total consumption to 32 per cent.

“It is in the order of things that we become the first in the world to pave the way for electric vehicles,” Mr. Charest said.

Prosperity for the province, he predicted, will be generated through the investment “of dozens of billions of dollars” and the creation of “tens of thousands of jobs” through the development of Northern Quebec over the next 25 years.

Yet while promoting cleaner air, Mr. Charest encouraged the development of natural resources, including fossil fuels that he contends Quebeckers will need to pay for costly social services. He promised increased royalties from mining and shale gas development. He also announced his plan to strike a deal with Ottawa to develop the Old Harry oil deposit in the Gulf of St. Lawrence. The Old Harry prospect is the largest untapped hydrocarbon reserve in Eastern Canada. A deal with Ottawa, he insisted, must ensure that Quebec becomes “the principal beneficiary” of the offshore oil bonanza.

Wealth generated from these projects will be used mainly to reduce the province’s debt, he said.

And in pursuing his vision of a bilingual Quebec, Mr. Charest announced francophone students will spend half their final year of grade school in an intensive English-language program.

A federalist at heart, the Premier served notice to Ottawa that striking deals with Quebec is in the best interest of both the province and the country.

“Because one fact remains: Quebeckers are the co-authors of the history of this country and Canada is at its best when it marches ahead influenced by Quebec,” Mr. Charest said.

Those words appeared as a forerunner to a debate that has been gradually unfolding in Quebec over the province’s political future. With the PQ threatening to take power in the next election, Mr. Charest served a warning that he alone could best fend off the separatist threat.

The national unity argument still remains Mr. Charest’s main drawing card as party leader. But if his popularity fails to improve in the next six months, that too may slowly fade, leaving Mr. Charest with a difficult decision about his political future when his leadership comes up for review at next October’s party convention.

Shale gas: The stance has changed significantly

Development; Report on industry about to be submitted

By MONIQUE BEAUDIN,
Montreal Gazette
February 26, 2011

Angry protesters disrupted meetings organized by Quebec's Oil and Gas Association last fall.

Photograph by: PHIL CARPENTER



It is supposed to find a way for Quebec to "harmoniously" develop the shale-gas industry, touted by the provincial government as a potential gold mine for the economy and as a greener alternative to other fossil fuels.

But things have been anything but harmonious in the six months since the government asked the Bureau d'audiences publiques sur l'environnement to come up with a framework for shalegas development in Quebec.

After a series of sometimes raucous public hearings, the BAPE is about to hand its report to the government. The backdrop has changed significantly since it started its work.

A poll conducted this month found 55 per cent of respondents are opposed to shale-gas drilling, up from 37 per cent in September.

And three-quarters of those polled in February said Quebec should impose a moratorium on the industry.

Since the BAPE commission was set up, more than half the wells in Quebec were found to have leaks, the government increased well inspections and new studies raised questions about the impact shale-gas production has on air quality and greenhouse gas emissions.

Even the provincial government's stance has changed significantly. Gung-ho when it announced the BAPE hearings, Quebec has now adopted a more cautious tone.

Here's a look at what has happened with shale-gas development in Quebec since the BAPE began its work.

The sun was shining on St. Bruno on Aug. 29, when Natural Resources Minister Nathalie Normandeau and Environment Minister Pierre Arcand announced public hearings into shale gas development.

Heckled by placard-wielding protesters, the two ministers said they had asked the Bureau d'audiences publique sur l'environnement to come up with a framework for the "harmonious development" of the shale-gas industry, taking into account the industry, concerned citizens, the environment and other industries operating in the sector. Normandeau said Quebec would also sign an agreement with the industry in the fall, setting out best practices for it to follow, but that signing has been put off until after the BAPE report is submitted.

If the government had hoped to quell shale discontent, it was about to find out otherwise.

Within days, former BAPE commissioners said their colleagues hadn't been given enough time to review the issue, nor independent studies they could use to assess the industry.

Angry protesters disrupted public meetings organized by Quebec's Oil and Gas Association in September. Concerned for his safety, police had to escort André Caillé, the former Hydro-Québec CEO who was the public spokesperson for the shale-gas industry, from a meeting attended by more than 600 people in St. Hyacinthe. Caillé has since resigned, replaced by former Quebec Premier Lucien Bouchard.

More than 128,000 people signed an online petition calling on Premier Jean Charest to impose a moratorium on shale-gas development.

While wells have been drilled mainly in rural areas, even urban centres such as Montreal were drawn into the debate when Projet Montréal revealed that drilling rights to the entire island have already been granted. In the U.S., the cities of Buffalo and Pittsburgh have banned fracking or drilling, although the bans are largely symbolic since no drilling was planned for those areas.

Projet Montréal wasn't the only organization to take a closer look at shale gas over the past few months.

A study published by a British climate-change research centre last month concluded countries will be less likely to invest in renewable energy sources because of the abundance of shale gas deposits around the world.

An American study published in November predicted air quality around shale-gas drilling sites in Texas and Louisiana is likely to worsen by 2050.

And the U.S. Environmental Protection Agency announced it was revising the way it calculates emissions from natural-gas production, a move that could show shale and other natural gases to be only marginally less polluting than coal.

In Quebec, the provincial Institut national de la santé publique took a look at published research into shale gas drilling and its impact on air and water quality, as well as its social impact. The provincial agency concluded in a preliminary report published in November that too little research has been done to be able to say what risks come with the industry.

And then there were the leaks.

Questioned by the BAPE commissioners, the environment and natural resources ministries revealed that inspectors had found leaks at 19 out of 31 shale wells in Quebec. After months of publicly supporting the industry, the government's approach changed in mid-January.

In an about-face, Arcand said the industry was not in control of the situation, and announced increased well inspections.

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SHALE GAS FACTS

What is it? Shale gas is a natural gas trapped inside shale rock.

Where is it? Quebec's main deposit is in the Utica shale south of the St. Lawrence River between Montreal and Quebec City. Thirty-one wells have been drilled so far.

How is it extracted? A well is drilled first vertically and then horizontally. Using a technique called hydraulic fracturing or "fracking", sand and chemicals are mixed with thousands of litres of water and injected into the well at high pressure, creating small fissures that shatter the shale rock, allowing the gas to escape into the well.

Why is controversial? While the government says shale gas could bring in as much as \$200 billion to Quebec and create new jobs, there are unanswered questions about the impact drilling will have on air and water quality, and whether replacing fossil fuels like petroleum with shale gas will reduce Quebec's greenhouse gas emissions.

No public inquiry, Charest insists

On the right path; Bouchard now in favour of going ahead with one

By PHILIP AUTHIER,
Montreal Gazette
February 26, 2011

Premier Jean Charest says he believes his government is doing the right thing with its anti-corruption squad.

Photograph by: PIERRE OBENDRAUF



Premier Jean Charest has not changed his mind about holding a public inquiry into allegations of corruption in the construction industry.

Despite comments from influential former premier Lucien Bouchard, who now thinks there should be one, Charest said he still believes his government is on the right path with its recently created anti-corruption squad.

"I know he (Bouchard) was opposed, and he seemed to say yesterday, a little bit out of exasperation, that he concluded one should be held because it's hurting the government," Charest said.

"But it's not for these reasons that we launch a commission of inquiry. We do it because we think it's the best choice, but in our case the best choice is to have a permanent anticollusion unit.

"Because this type of problem, even if you attack it, comes back. My view is if we want to efficiently attack this problem we have to go at it in a constant manner."

In an interview on Radio-Canada Thursday, Bouchard, who recently took on the job of chairperson of the Quebec Oil and Gas Association, which is trying to sell Quebecers on controversial shale gas developments, said initially he agreed with the Liberal government's decision to not hold an inquiry.

"There is a parade of people who come out looking guilty as soon as they are seen (by the public) on television testifying before a commission of inquiry," Bouchard said in the interview.

Bouchard said he changed his mind because he thinks the Charest government is paying a heavy price for not holding one.

Charest made his remarks to reporters after a speech - delivered entirely in French - to the Board of Trade of Metropolitan Montreal.

Charest has been on the offensive all week as part of a campaign to prop up his government's sagging fortunes. He started with a speech to the National Assembly. Thursday he spoke to the Quebec City Chamber of Commerce, and yesterday it was the board of trade.

Before the speech, a Charest aide alerted reporters to the presence of Goldcorp Inc.'s Canadian vicepresident, George Burns, whom Charest signalled out in his speech when it came to discussing his government's Northern Plan.

On Thursday, Goldcorp announced a \$1.4 billion investment in its Éléonore gold mine in the James Bay region. The investment follows Goldcorp's signing this week of a formal development agreement with the Cree nation. The investment will create 800 jobs.

"We're very comfortable with the regime here in Quebec," Burns said later. "From an exploration perspective, Quebec's been rated No. 1 in the world for a number of years. It's a great jurisdiction for mining."

In his speech, Charest said the government is planning legislation to increase the level of royalties it collects from natural-resource development so all Quebecers benefit.

And he said that, although natural gas pollutes less than oil and gas, projects will only be authorized if they can be done correctly.

Quebec Environment minister plans 'prompt' release of report on shale-gas development

By Kevin Dougherty,
Montreal Gazette
February 28, 2011

Demonstrators hold a banner reading "In solidarity, no to the shale gas" in Villeneuve-de-Berg, France, on Saturday.

Photograph by: JEAN-PIERRE CLATOT, AFP/Getty Images



QUEBEC - As concerns about the safety of shale-gas development go global, Pierre Arcand, Quebec's environment minister, said through a spokesperson Monday that he plans to make public "as promptly as possible" a report by the province's environmental-impact agency.

The New York Times reported on the weekend, after a nine-month investigation, that waste water from hydraulic fracturing, the process used to shatter underground rock formations, liberating natural gas from shale, may spread radiation.

The newspaper said researchers for the U.S. Environmental Protection Agency and the shale-gas industry say the danger of radioactive waste water "is its potential to contaminate drinking water or enter the food chain through fish or farming," causing cancer and other health problems.

In Quebec, shale-gas exploration between Montreal and Quebec City is under some of the province's best agricultural land.

In France last weekend, 10,000 people in Villeneuve-de-Berg, in the agricultural Ardèche region, demonstrated against shale-gas development.

The International Energy Agency estimates there are 35 trillion cubic feet of recoverable shale gas in Europe from Britain to Poland.

There, Gasland, the Academy Award-nominated documentary, is feeding worries about water contaminated with chemicals used in the fracking process and explosive natural gas coming out of water taps.

Last year, after Gasland was widely shown, New York State imposed a moratorium on fracking. Members of Britain's House of Commons are also looking into the hazards of shale-gas development.

In September, Arcand asked Quebec's Bureau d'audiences publiques sur l'environnement to hold public hearings on the environmental and health aspects of shale-gas development, without first doing its own impact study.

The BAPE panel was given a February deadline, and now Arcand has 60 days to deliberate on the report before it is released, although he intends to do so sooner.

It is likely the BAPE report will figure on the agenda of Premier Jean Charest's cabinet meeting on Wednesday.

But in the meantime, environmentalists have done their own report.

Styling themselves the Bureau parallèle d'audiences publiques sur l'environnement, the eight-member "citizens" group, who were opposed to shale gas from the start, concluded after reviewing about 200 briefs presented at the BAPE hearings that Quebec should have a moratorium on shale-gas development.

The report notes that Quebec's law on sustainable development casts the province as a leader, and Quebec also has a forward-looking approach to energy policy, favouring renewable energy sources, and a law on water quality.

Quebec also has an ambitious goal of a 20-per-cent reduction of greenhouse gases by 2020, the parallel report notes.

"Several have questioned, however, the coherence of steps taken by the government in the present case with the principles of these laws and policies," the report says.

It argues there is not enough information to establish a sound framework for safe shale-gas development, noting that Quebec's Institut national de santé publique could not complete its study on shale-gas risks because the scientific data are not available.

And it notes that a major study by the U.S. EPA on the impact of shale-gas development on water will not be completed until 2012.

The authors also question the impact on farming in Quebec and the true economic costs, if as a side-effect of developing shale gas Quebec's groundwater becomes contaminated.

Shale gas report released to government

Global Montreal
February 28, 2011

Quebec Environment Minister Pierre Arcand is interviewed about the government's tougher stand on shale gas exploration.

Photo Credit: Mario Beauregard,
The Canadian Press



The long-awaited report on shale gas finally reached the hands of Environment Minister Pierre Arcand on Monday.

Development of the natural resource has been a source of controversy in the province for months.

Opposition MNAs and the public have called for an end to experimental drilling. They cite concerns over environmental and health effects.

More than 100,000 people signed a petition asking the government to issue a moratorium on drilling.

Since the public hearings into the industry began in August, half of the wells in place have sprung leaks.

That's concerning to citizen groups like Maitre Chez Nous. The organization produced its own parallel report on the industry to give to the environment minister.

Their report drew from the same information compiled from the BAPE (the public hearings on the environment board).

Representatives of Maitre Chez Nous say potential laws to outline drilling won't be effective. They say a full moratorium is the only appropriate action to take.

The government says it has no intention of stopping experimental drilling – arguing that it is needed to be able to do tests and see if the industry is viable.

Monday's report will offer guidelines indicating how the drilling can continue with as little harm as possible to the environment, the ministry said.

The government has 60 days to make the report public, but Arcand said he will likely present the findings at the end of March.

Province's shale gas industry at a crossroads

CTV News, Montreal
Feb. 28 2011

The province's environmental review board, the has handed its report on shale gas to the Quebec government. (Feb. 28, 2011)



The future of the province's shale gas industry is at a crossroads.

The province's environmental review board has handed its report to the Quebec government.

What's not known yet is whether it will recommend a moratorium on shale gas development.

As CTV Montreal's Kai Nagata reports, opponents say it's clearer than ever that Quebec needs to take a time out.

People up and down the St. Lawrence River are worried about a host of issues, especially contaminated groundwater, something they say could affect city-dwellers too.

Environmental groups say it's time to slow down and let the research catch up.

The Environment Minister has up to 60 days to study the shale gas report before announcing the government's game plan.