

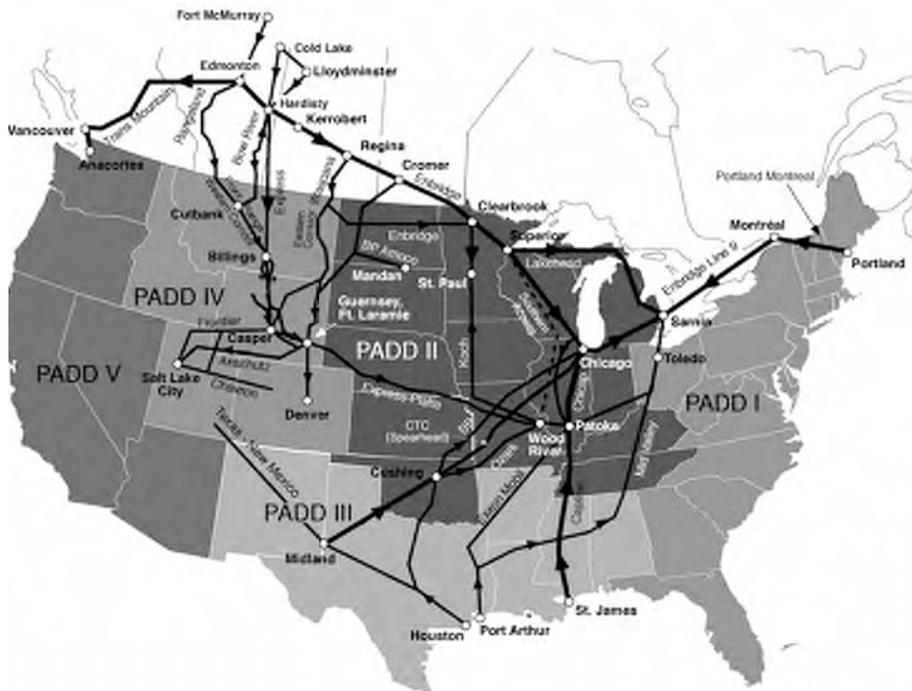
## TAR SANDS SHOWDOWN – ENERGY SECURITY

- Peak oil conditions pose a special challenge for Canada's energy strategy. In the medium to long term, there is no choice but to make a transition from fossil fuels to an alternative energy source. The tar sands are one of the few remaining large hydrocarbon deposits containing recoverable oil, but increasing dependence on tar sands crude will not solve the peak oil crisis.
- Canada has less than an eight year supply of natural gas. 20% of what natural gas we do have is used by the tar sands industry.
- The Mackenzie Valley Pipeline, intended to bring natural gas from the Mackenzie Basin south, is a currently in regulation processes. It is estimated that by 2025 the tar sands will require 1.6-2.3 billion cubic feet of natural gas per day for extraction. This number is approximately equal to the maximum capacity of the Mackenzie pipeline. Almost none of this gas will satisfy needs of Canadians whose homes are heated by natural gas.
- The Harper government has taken steps to protect the Alberta tar sands as the centrepiece of its claim that Canada is an emerging energy superpower. These measures protect the tar sands from interventions from Ottawa.
- Canada is running out of secure energy sources. The Western Sedimentary Basin provides part of Ontario, the Prairies and British Columbia with their oil and gas needs. Quebec, the Atlantic provinces and a third of Ontario are highly dependent on imported oil. Half of the homes in eastern Canada depend on oil. If any oil supply lines were disrupted, the energy security of Quebec and the Atlantic provinces would be jeopardized.
- Canada, unlike any other industrial nation in the world, does not have a strategic petroleum reserve that could be used if there is a shortage.
- For Canada, the problem of taking up this kind of energy challenge is further hampered by the surrender of sovereignty over our energy resources. The tar sands mega-enterprise, currently the engine of energy production, and Canada's economy, is primarily controlled by US markets and industry.
- Over the past two decades, Canada has adopted a much more laissez-faire approach to the Canadian economy. National economic development has been largely market-driven, led by the free trade regimes, notably, the FTA and NAFTA. As a result, Canada's economy has been undergoing a "historic structural shift" from a more diversified industrial economy to a resource-based economy.
- The proportional sharing rule that makes Canadian exports of oil and other energy resources to the US compulsory, was incorporated into the North American Free Trade Agreement (NAFTA). The proportional sharing rule appears twice in NAFTA, once as Article 315 and again as Article 605.
- Under the proportional sharing clause, Canada must continue the flow of crude oil and natural gas to the US in the same proportion of its total supply as the average of the previous three years.
- NAFTA also requires energy exporting companies, such as are operating in the tar sands, maintain "normal proportions among specific energy ... goods," that is, not substitute, for example, a heavy grade of crude oil for a lighter grade.
- The proportional sharing does not apply to Mexico, which negotiated wisely and successfully for an exemption from these constraints on its energy sovereignty.
- In 2005, the leaders of all Canada, Mexico and the USA launched a NAFTA-plus program called the Security and Prosperity Partnership (SPP). The SPP is not transparent nor is it accountable to any democratically elected government, either in Canada, Mexico or the United States. The SPP has called for at least a fivefold increase in tar sands production, mostly for US export.

For more information, or to get involved visit <http://www.tarsandswatch.org>

<http://www.canadians.org/energy>, <http://www.ualberta.ca/~parkland/index.html>, <http://www.kairoscanada.org/e/>

## Excerpt from author Tony Clarke's Book "Tar Sands Showdown"



...When it comes to extracting and producing oil from the tar sands, a great deal of natural gas is used for both the open-pit mining and in-situ drilling. According to the Pembina Institute, the open-pit mining operations require 21 cubic metres of natural gas to produce each barrel of oil. "In situ methods, which account for nearly half of the tar sands operations now and up to 80 percent in the future, require twice as much. It takes 42 cubic metres of natural gas to convert a barrel of bitumen into a barrel of synthetic crude that is light enough to transport to refineries. By comparison, the average Canadian home heated with natural gas uses 255 cubic metres of gas per month during the winter. Therefore, current tar sands operations consume at least as much natural gas every day as is needed to heat half the homes in Canada for a day.

Worse still, from an energy security standpoint, Canada's conventional supplies of natural gas peaked in 2002 and are now in decline. David Hughes, a veteran geologist who was with the Geological Survey of Canada for more than thirty years and is now at Natural Resources Canada, began studying Canada's natural gas supplies in 1996 and found patterns of shortfall. Hughes says that Canada's natural gas supplies have remained relatively stable since it peaked in 2002, primarily because of a massive increase in the amount of drilling. However, now there is very clear evidence that the feverish pace of drilling is slowing down and we can expect to see sharp declines in Canadian supplies of natural gas very soon. Hughes has become increasingly concerned about the impact these declines will have on Canada's long-term energy security.

Other parts of the country are becoming increasingly vulnerable with respect to secure energy sources. While the Western Sedimentary Basin provides parts of Ontario as well as the Prairies and British Columbia with their oil and natural gas needs, Quebec, the Atlantic provinces and a third of Ontario are highly dependent on imported oil. The east-west pipeline system that used to connect the Alberta oil fields with the rest of the country no longer goes beyond Sarnia. As a result, the eastern provinces, comprising over one-third of the entire country, get 90 percent of their oil, 850,000 barrels per day, through imports. The Sarnia to Montreal pipeline that was opened under the Trudeau government to deliver western oil to eastern Canada was reversed in 1999. The pipeline now flows from Montreal to Sarnia, delivering some of the oil imported into eastern Canada through southern Ontario to the Michigan border. However, Enbridge Pipelines Ltd. announced in early September 2008 it plans to reverse the pipeline flow once again. Tar sands crude would be transported from Alberta through Sarnia to Montreal, not to provide energy security for eastern Canada, but to deliver crude to Portland, Maine, where it will be shipped by tankers to Gulf Coast refineries. Called "Trailbreaker," this project is expected to be completed by 2010.

In some ways, the Alberta bumper sticker that was popular during the turmoil around the NEP, "let the eastern bastards freeze in the dark," takes on new significance in the light of these facts. After all, half of the homes in eastern Canada are heated with oil and many industries in this part of the country cannot operate without it...