

Arctic pipelines — Canadians are the losers

first of a two-part series

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WATERLOO (CUP) — In spite of all attempts to block the construction of giant pipelines across the Canadian Arctic, it appears that a natural gas pipeline, and possibly even an oil pipeline will be under construction by 1974-75. But resource development in the Arctic will undoubtedly continue to create distinct social and political tensions throughout Canada.

The hunt for oil and gas was spurred on by the announcement, in April 1968, of the famous strike at Prudhoe Bay, Alaska. The oil reserves there have been estimated at 15 billion barrels, and the gas reserves at 27 trillion cubic feet. The rush to the Canadian Arctic Islands by Panarctic, the 45 per cent government owned oil consortium, produced major gas discoveries on Melville and King Christian Islands in 1969 and 1970 respectively. Since then several large discoveries have been made as more than a dozen powerful oil and utility companies searched for the rich prize.

THE TAPS PROPOSAL

A continental-wide debate has been going on since 1969 as to where an oil pipeline should go. Rogers Morton, U.S. Secretary of the Interior, announced on May 12, 1972 that the U.S. intends to go ahead with its Trans-Alaska Pipeline System (TAPS). His department has been anxious to push through an oil pipeline crossing delicate tundra and one of the most earthquake-prone zones in the world, to one of the stormiest ports (Valdez) in the world. The oil would then be trans-shipped into tankers which would proceed through one of the most hazardous shipping areas in the world — down the entire west coast of Canada, to travel through the narrow and crowded straits between southern Vancouver Island and Washington state — to the new refinery at Cherry Point, Washington.

Despite precautionary measures, oil accidents will occur, and the Canadian government has no direct way of stopping U.S. ships from going through the straits. Fortunately, for the moment anyway, U.S. and Canadian conservationists have managed to work through the courts to prevent Secretary Morton from issuing a pipeline right-of-way permit.

The U.S. Coast Guard, in a 6-volume report released in late March 1972 by the U.S. Department of the Interior, estimated that 140,000 barrels of oil will be accidentally spilled off the Canadian and American coasts each year, and that there will also be one casualty (collision or grounding of a tanker) each year. In addition, there will be oil lost during the loading and unloading, small spills in harbours and the frequent and deliberate discharge of oil during sea-going tank-cleaning operations.

The Arrow, an 18,000-ton ship, dumped 54,000 barrels of oil in Chedabucto Bay, Nova Scotia, in 1970. It cost the federal government 4 million dollars for the clean-up, ruined beaches for months and caused inestimable damage to marine and land-bound wildlife. The narrow straits between Canada and the U.S. leading to the Cherry Point refinery were surveyed by 500,000-ton tankers in mid-May of this year. By 1980 TAPS is expected to deliver over 2 million barrels of oil a day with these tankers. A single spill, according to one of President Nixon's own advisors, could cover 250 square miles of ocean with oil.

Yet in view of the severe warnings, from both Morton's own research department and environmentalists, and of America's own devastating experience with spills, it can only be concluded that the U.S. administration, under powerful pressure from the oil lobby and the U.S. hunger for oil, always intended to proceed with the TAPS.

"U.S. NATIONAL SECURITY"

Canada was late to officially recognize the dangers involved with TAPS; Washington and the oil industry had already gone a good way to realizing TAPS before parliament gave unanimous support to the Commons committee report which vigorously opposed the tanker route. The federal government had been slow in un-



dertaking the necessary research on the effects of its own preferred alternative — an overland pipeline from Alaska's Prudhoe Bay into the Yukon, down the MacKenzie Valley to Edmonton. Canadian lateness, (both in research and in organizing capitalization for the project), U.S. national security and alleged Canadian construction delays 'til 1976 were given as reasons for Morton's decision.

Other more important and realistic reasons exist of course. Every year the United States consumes increasingly more oil than it produces. While the delivery of North Slope oil to the lower 48 states will not reverse this trend, it will slow it down. Waiting for the longer Canadian line to be completed would mean a greater U.S. dependence on "potentially insecure foreign sources of petroleum".

Another reason centres around shipping. The TAPS would require 1.1 billion dollars for oil tankers — a shot in the arm for the chronically ailing U.S. shipbuilding industry and a decrease in U.S. dependence on foreign-owned tankers. Also the TAPS would increase employment and economic activity in the ailing Alaskan economy. Finally the oil companies that largely control the North Slope reserves and Alyeska, the consortium that would build and operate TAPS, have invested their money, time, know-how and prestige. Their interests are not to be ignored at this late stage.

CANADIAN OIL ROUTE SUPERIOR

Richard Nehring, an economics analyst with the U.S. Interior Department, has said that "the route through Canada is superior on almost every one of the 25 criteria used by the department." Even the U.S. government report showed in detail that the overland route is superior to TAPS in terms of threatened danger from earthquakes and the threat to the marine environment from oil transfer operations. In addition, an analysis of security by the defense and state department concluded the Canadian route would be more reliable and easier to defend. And although it was not mentioned, the Canadian route is cheaper by at least 1 billion dollars.

From these facts, charges have arisen against the Nixon administration for deleting evidence favouring a Canadian route from the government report.



Canadian Liberal MP David Anderson, in conjunction with 24 U.S. Senators backing the Environmental Defence Fund, is supporting the Canadian route in a public and legal battle that began early in April. The group fears the environmental consequences on Canada's west coast and in Alaska should TAPS receive approval.

These arguments, separately or together, do not produce a definite conclusion about the TAPS' future. But the odds are shifting in favour of the Canadian alternative as the months are shaved off the time gap between a construction start on TAPS and the MacKenzie route.

There is only one other chance for a Canadian oil pipeline, which would still predominantly benefit the powerful and profiteering U.S. oil companies. This chance appears in the election as U.S. President of Democrat George McGovern, who has publicly declared his opposition to the TAPS plan.

CANADIAN GAS PIPELINE TO BE BUILT SOON

It is safe to project that the oil pipeline might eventually go either way but the gas pipeline will come across Canada. Canadian government and industrial representatives have agreed for nearly two years now that a gas pipeline south down the MacKenzie Valley would be economically feasible once a minimum of 15 trillion cubic feet of gas has been proved.

To date, the North Slope has yielded natural gas in such large amounts that the oil companies will be forced to market it. Burning off such gas is illegal and there will be too much to make re-injection feasible. The Canadian government says it will be ready for bids to build a northern pipeline by the end of this year.

A strong case has been put forward by an extremely powerful consortium of oil and utility companies, again largely American-based, that there will be no grave damage to the environment from a gas pipeline, and none that cannot be dealt with from an oil pipeline. Yet no group has really built up such an immensely sophisticated body of knowledge of how to build and operate a pipeline in the Arctic that they can guarantee no irreparable damage will be done to the environment.

The Gas Arctic-Northwest Project Study Group was formed on June 15, 1972 with the express intention to apply to Canadian and American regulatory authorities in early 1973 for approval of a multi-billion dollar pipeline system. It is generally acknowledged that this project would be the largest undertaking in the world ever

financed by private industry, and that not even the largest oil company could round up the money required. Estimates put the cost of their proposal at over 5 billion dollars, depending on final route selection, design, capacity and the inclusion of a spur line to tap newly discovered MacKenzie delta gas reserves.

In the large gas consortium, Gas Arctic and Northwest have been studying competing routes for a gas pipeline buried in the ground, both of which were being projected as 48-inch (but possibly 56-inch) diameter lines, with a capability to deliver 3.5 billion cubic feet of gas daily to U.S. and Canadian consumers. Current Canadian gas production is at 2.3 billion cubic feet and experts to the U.S. total one trillion cubic feet a year.

The Northwest Project Study Group has been designing a route cutting diagonally across Alberta, Saskatchewan and Manitoba to Chicago, a distance of about 2,500 miles. Gas Arctic has favoured a 1500 mile route along the MacKenzie Valley linking Prudhoe Bay in Alaska with the Alberta Gas Trunk System in northern Alberta. Any proposed pipeline would run in a designated "transport corridor" announced on April 8, 1972 by Prime Minister Trudeau. This corridor is to contain an all-weather 1,050-mile highway to the Arctic coast, already under construction in some sections, and possibly an oil-carrying pipeline.

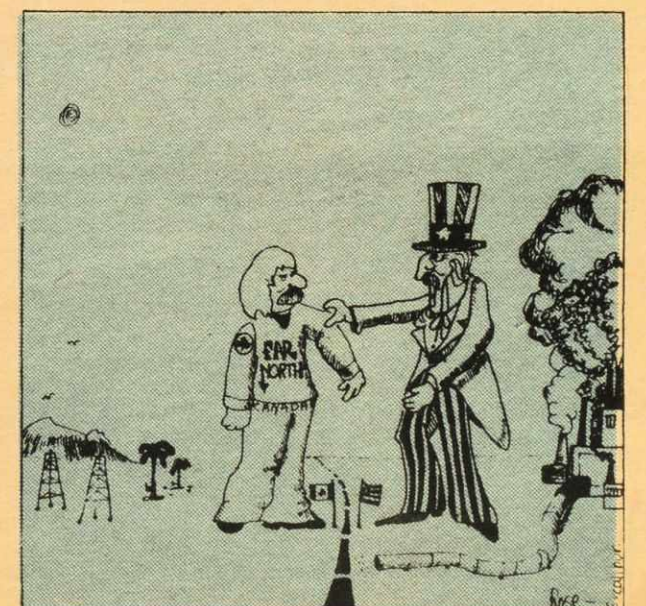
"MAXIMUM CANADIAN LEADERSHIP"

When it comes to choosing a project contractor, difficulties will definitely arise. Of the 16 or more companies involved in the gasline consortium only 5 are Canadian companies: CNR, CP Investments Ltd., Trans-Canada Pipeland Ltd., and Alberta Gas Trunk Line. Several of the members of the consortium favour the U.S. firm of Williams Brothers (New York) to fulfill this prestigious role, even though Energy Minister Donald Macdonald has indicated he will delay construction unless the consortium makes "the right Canadian choice". The Williams Brothers' choice is a natural one for members of the former Northwest Project Study Group. The company, a large and experienced firm, and its Calgary subsidiary, Williams Brothers Canada Ltd., has been used extensively in many of the group's environmental studies.

A few companies in the consortium support the government's choice for "maximum Canadian leadership and participation" in the project. The federal government wants most of the estimated 1 billion dollars needed for the actual building of the line to be raised in Canada, and the vast majority of the consulting and engineering work to be handled by Canadians. The government is already in negotiations with the joint consortium on the financing and detailed schedule of the entire project.

The Department of Northern Affairs has the final word on choice of a route through the MacKenzie Valley, and the National Energy Board remains the final authority on any application for pipeline construction. Whether Canadians will be financing, building, operating and directing the pipeline construction through Canadian territory remains to be seen.

To be continued next week.



Just as long as there's lots more where that came from eh boy!