

U.S. Urges 'Fivefold Expansion' In Alberta Oil Sands Production

A report from CBC News said the U.S. wants Canada to dramatically expand its oil exports from the Alberta oil sands, a move that could have major implications on the pipeline industry.

U.S. and Canadian oil executives and government officials met for a two-day oil summit in Houston in 2006 and made plans for a "fivefold expansion" in oil sands production in a relatively "short time span," according to minutes of the meeting obtained by CBC. The meeting was organized by Natural Resources Canada and the U.S. Department of Energy.

Canada is already the top exporter of oil to the American market, exporting the equivalent of 1 million bpd, the exact amount that the oil sands industry in Alberta now produces. A five-fold increase would mean the export of 5 million bpd, which would supply a quarter of current American consumption and add up to almost half of all U.S. imports. The two leading Canadian pipeline companies, TransCanada and Enbridge, are already planning to build or expand oil transmission pipelines from Western Canada into the U.S.

"We need to look at additional pipelines from Canada to the U.S. as a growing source of supply," said Bob Greco of the American Petroleum Institute.

The report warned that the current extraction of oil from the tar sands results in the spewing of millions of tons of greenhouse gases into the atmosphere and is already the biggest source of new greenhouse gas emissions in Canada.

The news of the call for the massive boost in oil production comes after Prime Minister Stephen Harper pledged to make the environment a top priority. On May 10, a spokesman for the Prime Minister's Office said they would not "streamline" environmental assessments to speed up oil sands development.

"Canada's natural resources will be developed but that will not be done at the expense of the environment," Dmitri Soudas told the Canadian Press.

Canada's main oil lobby group said there is no pledge to increase production five-fold for the Americans. "There is no promise," said Greg Stringham of the Canadian Association of Petroleum Producers. "It's up to the market whether this thing goes fast or slow."

Paul Michael Weaby, a Washington insider and an expert on the geo-strategic aspect of the oil industry, said President Bush is counting on Canada to help wean the U.S. off Middle East oil. "He wanted to have a reduction of 1.5 million bpd by 2015 from the Middle East. Although he did not mention Canada, that is in fact where the replacement supply will come from." **P&GJ6**