

Idaho road becomes oilsands battleground

By Shaun Polczer, Calgary Herald October 23, 2010



Activists in Idaho are trying to stop Imperial Oil from using state roads to transport modules for the Kearl oilsands development.

Photograph by: Archive, Courtesy Imperial Oil

A twisting highway in the scenic Pacific Northwest has become the latest battleground for anti-oilsands activists hoping to block development of the world's second-largest oil reserves.

More than 200 process modules for Imperial Oil's \$8-billion Kearl oilsands mine began arriving in Vancouver, Wash., on Oct. 3 and are being barged up the Columbia and Snake rivers to Lewiston, Idaho, without permits from state authorities to ship them 1,300 kilometres overland to the Alberta border.

The Calgary-based company first has to wait for a ruling from the Idaho Supreme Court in a separate but related case against permits granted to ConocoPhillips to ship four coking drums from Lewiston to its refinery in Billings, Mont., in a highly anticipated decision that could come any day.

Imperial is hoping to move 207 oversized loads along Highway 12 over the next 12 months from fabrication yards in Korea to Fort McMurray, Imperial spokesman Pius Rolheiser said in an interview.

Local residents worry that the two-lane roadway will become a permanent transportation route for oversized loads to Canada, blocking traffic and compromising safety, but others have linked the fight to "dirty oil" from Canada in a proliferation of blogs and websites railing against "Big Oil."

Rolheiser admitted the dirty oil issue has been raised in public meetings, but said the plan also enjoys the support of locals wooed by \$67.8 million in economic activity and spinoff benefits.

"A variety of views have been expressed," he said. "There have been significant expressions of support as well as significant expressions of concern."

But Laird Lucas, the executive director of Boise-based Advocates For The West, which is suing the Idaho government to revoke Conoco's permits, said his main concern is for the safety and preservation of the local tourist economy.

Much of the controversy is linked to the concept of a "high and wide" transportation corridor opponents say will be used to facilitate future oilsands expansions. Alberta presently has a similar corridor from the U.S. border that has been used to move equipment from Edmonton to Fort McMurray. But unlike Alberta, Highway 12 is a designated scenic route that cuts through national forests and parks prized for outdoor recreation.

Although he describes himself as an environmentalist and said he is aware of the issues surrounding oilsands development in Canada, Lucas said his fight isn't against Canadian oil.

"Certainly those are important issues," he said. "But our concern is the impact to Idaho's tourism and economy . . . it's bad for business."

Like Imperial, Calgary-based Harvest Energy is also looking to bring process modules from Korea, although CEO John Zahary said the company is still a long way from actually importing equipment. He suggested the latest opposition to using the highway stems mainly from criticism to the oilsands in general.

"It all gets knotted up in some of those other issues," Zahary said. "This has become another one of those other oilsands issues that have been piled on the dirty oil debate."

Harvest was bought by the Korean National Oil Company last year and is looking to develop oilsands leases in northern Alberta. Although the Idaho-Montana corridor is a preferred route for bringing in equipment, Zahary said the company is looking at making its loads small enough to be transported by rail or along conventional highways.

Imperial's Rolheiser said the Idaho-Montana route was chosen because it doesn't have overpasses and tunnels that would block the road. Even without the obstructions, the company is proposing to spend more than \$2 million in Idaho alone to upgrade the highway to handle the loads, some of which are 64 metres long and nine metres high, weighing 260 tonnes.

Other companies have also struggled with the issue of how to bring in bulky oilsands equipment from overseas. Synenco Energy, before it was bought by French oil major Total, proposed barging Asian-made equipment down the Mackenzie River from Inuvik to its Northern Lights project near Fort McMurray.

A good deal of the equipment can be constructed in Canada, but Zahary said other pieces can only be made in a handful of fabrication shops around the world. Having access to global engineering and manufacturing will be essential to future development of the oilsands industry, he added. "If we can't get it into the country, the choice is not to build or build it in a different way. That's a real challenge in Western Canada."

The other alternative for companies like Imperial is to ship the equipment through the Panama Canal and bring it up from the Gulf Coast, a longer and costlier effort.

Rolheiser said Imperial is exploring "all options" in the event its permits are denied, but said the company is "very confident" it will get the required approvals. "We're continuing to work through the process," he added.

Imperial's shares rose 27 cents on the Toronto Stock Exchange Friday, to close at \$39.12.

spolczer@calgaryherald.com