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# CRITICAL ENVIRONMENTAL SECURITY: RETHINKING THE LINKS BETWEEN NATURAL RESOURCES AND POLITICAL VIOLENCE

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Matthew A. Schnurr and Larry A. Swatuk

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# CHAPTER 10 LOUD BANGS AND QUIET CANADIANS: AN ANALYSIS OF OIL PATCH SABOTAGE IN BRITISH COLUMBIA, CANADA

Chris Arsenault

The road to the Volz farm winds though the rolling foot hills of British Columbia's (BC) Peace River region, dotted by cattle farms, bails of hay and oil pump jacks. The Volz family has grown hay and raised cattle on the picturesque 2,000-acre spread for the last 35 years. June Volz taught grade school while her husband Lynn ran a backhoe business, providing services to petroleum companies. In 1983, companies drilled the first oil well on their property. "At first, things went quite well," says Lynn Volz over iced-tea in the family's modest farm house. The family used rents from oil revenue to send their daughters to university. In the early days of extraction, the family had few problems in its relations with companies and negotiations over payment rates and nuisance issues, such as noise or dust, generally went well. "It was almost kind of fun, they make an offer and you go back and forth. And it was always with respect. It was fine and always got sorted out," said Volz.<sup>1</sup> The general tone of negotiations and the attitudes of petroleum companies have shifted since legislative changes helped fuel a boom in unconventional extraction beginning in the late 1990s and taking off after 2002. Companies now show "a great degree of arrogance," says Volz, "and consistently threaten farmers and other land users with legal action if they complain about extraction activities or company practices."<sup>2</sup>

When visiting the Volz farm in summer 2009, the region was buzzing with talk about sabotage, police harassment and major reward money. Saboteur/s attacked six gas installations in the area between October 2008 and July 2009 causing a small amount of property damage and igniting major debates about the actions of gas companies, the future of the area's economy and the nature of regulations upon industry. EnCana, North America's largest gas company and the biggest player in BC's gas extraction, is the exclusive target of sabotage. The company is offering a one million dollar bounty for information leading to the saboteur's conviction, tied for the largest in Canadian history.

BC's gas is concentrated in a 194,000-square kilometre region above the Western Canada Sedimentary Basin in the province's northeast. In 2001, a newly elected BC Premier Gordon Campbell told industry officials "the road ahead for us in oil and gas is a multi-lane highway."<sup>3</sup> In 2008, BC's oil and gas industry provided the single largest source of resource revenue to the provincial government, \$4.09 billion,<sup>4</sup> up from about \$75 million in 1992 and \$1 billion in 2001.<sup>5</sup> The share of oil and gas investment (as a proportion of total investment in the province) has risen from about 5% in the early 1990s to 14% in 2001.<sup>6</sup> BC averaged exports of 641 million cubic metres of natural gas per month in the 1990s and 952 million between 2000 and 2006.<sup>7</sup> Between 1993 and 2003, drilling activity increased 320% and total revenues from oil and gas licenses, permits, leases and royalties grew 634%.<sup>8</sup>

As of 2009, BC through its Department of Mines and Energy (MEPR) administered more than 14,600 oil and gas agreements covering 23.5 million acres.<sup>9</sup> The "multi-lane highway" is, to carry forward the Premier's analogy, missing adequate guard-rails, signage and other safety features. A report commissioned by the provincial government notes that "rapid growth of the oil and gas industry within the province of B.C. has outpaced the development of health and safety policies."<sup>10</sup> As of 11 February 2010 there were 20,400 oil and gas well sites in the province, with the vast majority of activity taking place in northeast British Columbia.<sup>11</sup>

Stating a common view among long-term residents of BC's northeast, Eric Kuenzl, a landowner from Tomslake who met with EnCana in June 2008 about concerns such as road traffic, noise and possible health effects from sour gas told a local newspaper: "I feel like the company [EnCana] is the bully on the block, and I'm the kid who's trying not to have my lunchbox stolen."<sup>12</sup> Kuenzl, whose family has lived on the same property since 1939, said he is ready to leave because he's scared of the long-term health effects of flaring pollutants and hydrogen sulphide, or sour gas. As Canada becomes an "energy superpower," in the words of Prime Minister Stephen Harper, debates about the nature of regulation and conflicts in the oil patch will only grow more intense.<sup>13</sup>

This paper will analyse sabotage against EnCana in British Columbia in the context of broader conflicts between gas companies and other land users, specifically, farmers, rural residents and environmentalists. Social conflicts stemming from environmental grievances have become a major field of study for academics.<sup>14</sup> Battles between farmers and oil companies are traditionally framed as conflicts stemming from property relations.<sup>15</sup> This paper will argue that property relations, where individual owners control the above-ground area but not subsoil resources, are *not* the driving force inspiring conflict. Rather, the underlying cause of conflict in northeastern BC stems from captive regulatory agencies, regulators who favour petroleum companies and increased extraction at the expense of other land users.

This capture arises from growing government dependence on petroleum revenues<sup>16</sup> along with power imbalances between oil companies and other land users.<sup>17</sup> The main reasons why regulations are flawed or improperly enforced, argues environmental law expert David Boyd, are "short term economic considerations such as profits, competitiveness and jobs."<sup>18</sup> In a commentary, the Canadian Association of Petroleum Producers concurs with the notion that pro-industry provincial regulatory regimes are a prime reason for the exponential increase in extraction. According to David Collyer, President of the Canadian Association of Petroleum Producers,

Through its policies, BC has established the conditions to ensure it has positioned its natural gas resource to be competitive in the North American market place. In particular, *targeted regulatory and fiscal measures* have been very successful in attracting investment that would not otherwise occur....<sup>19</sup> (Emphasis added.)

In order to analyse recent sabotage in BC, this paper will briefly review some of the literature on sabotage and environmental conflict to ascertain how pipeline sabotage fits with other emerging trends in the discourse.<sup>20</sup> Secondly, it will analyse debates around property rights. This section will place conflicts in the context of evolving legislation for extraction and within the historical realities of rapidly increasing petroleum exploitation in northeastern BC. Until legislation governing petroleum exploitation is seen as even handed, sabotage is likely to increase as demand for petroleum rises and new areas are opened to extraction. Tom Flanagan, for example, concurs that sabotage and general opposition to petroleum development is likely to increase with the "rapid expansion of natural resource industries."<sup>21</sup> EnCana's comparative advantage in its North American holdings comes not from the resource itself, which is unconventional and harder to access than typical petroleum deposits,<sup>22</sup> but from Canadian political stability. The desire to exploit stable deposits as fast as possible in BC is, ironically, creating instability.

The threat of political instability is the main cause for aggressive state (250 highly trained officers sent to the region) and corporate (a one million dollar bounty) responses to sabotage in northeastern BC. "Capital is a coward and it runs away from risk," notes the CEO TransCanada Corp, another major pipeline company.<sup>23</sup> This question of capital is crucial. The oil and gas industry contributes less than 1.5% of the province's Gross Domestic Product (GDP). However, it accounts for over 40% of non-residential construction investment (14% of total investment) in British Columbia.<sup>24</sup> Thus, investment capital is a prime beneficiary of the boom. This kind of capital is disproportionately affected by political risk; apartment buildings in Vancouver cannot pick up and move. Oil capitalists fear that sabotage will create risks, leading investment to flow to other resource patches.

The lack of risk was supposed to be the key feature of Canada's political landscape; the jurisdiction's comparative advantage over other regions. The bomber is undermining that stability and thus causing consternation for elites. The final section of the paper will use a case study from a well explosion at an EnCana facility to dispel the idea that oil capitalists, police and politicians are using aggressive measures against sabotage due to concern for public safety. To make its case, this study will utilize interviews and original research from communities where sabotage has taken place, a series of freedom of information requests to relevant government departments including the Royal Canadian Mounted Police (RCMP), the Department of Fisheries and Oceans and the Canadian Security Intelligence Services (CSIS), and a review of secondary literature. Before going any deeper into an analytical framework, the paper will provide a brief summary of recent sabotage.

## Synopsis of Sabotage

On 12 October 2008, a hunter in northeastern BC stumbled across a six-foot crater at the base of a natural gas pipeline.<sup>25</sup> The crater, some 50 km from the town of Dawson Creek, was caused by a deliberate explosion. Police guess the act of sabotage took place on the night of Saturday 11 October. On 10 October, *Coffee Talk Express*, a publication in Chetwynd near the sabotaged site, along with EnCana energy, the operators of the attacked pipeline, received handwritten letters referring to oil and gas companies as "terrorists … endangering our families with crazy expansion of deadly gas wells."<sup>26</sup> The area is in the midst of a major unconventional gas boom.

The pipeline targeted in the first blast carried dangerous hydrogen sulfide, or sour gas, to En-Cana's Steeprock gas plant.<sup>27</sup> The US Agency for Toxic Substances and Disease Registry (ATSDR) calls hydrogen sulfide an "[e]xtremely rapidly acting, highly toxic gas.... Just a few breaths of air containing high levls of hydrogen sulfide," it reports, "can cause death."<sup>28</sup> Another blast occured on the morning of 16 October 2008.<sup>29</sup> In late October, presumably around midnight on the 30<sup>th</sup>, the bomber struck for a third time,<sup>30</sup> with an explosion causing a pipeline rupture, releasing a limited amount of sour gas near the community of Tomslake.<sup>31</sup> Police described the attacks as "violent" and asked for the public's help, but stopped short of calling the sabotage "terrorism."<sup>32</sup> The Integrated National Security Enforcement Team (INSET), a mix of top law enforcement officials, sent some 250 officers to the region.<sup>33</sup> This shows how seriously the state views minor attacks on energy infrastructure.

By late October 2008, the name Wiebo Ludwig began surfacing in media reports. Ludwig, an evangelical preacher whose actions will be discussed in greater depth later in this paper, was sentenced to prison in 2000 for orchestrating a similar sabotage campaign against gas infrastructure in Alberta during the late 1990s.<sup>34</sup> In November, police made it clear that Ludwig was not a suspect in the BC attacks. Freedom of Information requests to CSIS for internal documents on "sabotage against Canadian oil infrastructure from 1990-2009" show that "more than 160 incidents of sabotage" against Alberta's resource industries (oil, gas, hydro and forestry) took place between 1997-1999 causing "millions of dollars in damages."<sup>35</sup> Ludwig's campaign alone is estimated to have cost the Alberta Energy Company, one of two companies that merged to create EnCana in 2002, 10 million dollars.<sup>36</sup> The heavily censored CSIS documents did not provide any figures for acts of sabotage in the 21<sup>st</sup> century.<sup>37</sup>

In December 2008, police and EnCana conducted a joint press conference, asking for the public's help in catching the bomber. On 3 January 2009, EnCana employees discovered the fourth blast, which damaged a storage shed and well-head located 250 metres from the nearest residence.<sup>38</sup> In a news release, police denied persistent rumours that the bombings are linked to the theft of dynamite from a facility near Chetwynd in the summer of 2008. On 13 January 2009 EnCana announced a \$500,000 reward for information leading to the conviction of the saboteur. The front page of Vancouver's tabloid *The Province* featured a Wild West style poster with a 'wanted' sign when EnCana offered the bounty.

After a lull of several months, another blast occurrred on Canada Day, 1 July 2009. The fifth blast was discovered by EnCana staff at a wellhead near Pouce Coupe. The bomber struck for a sixth time on 4 July, attacking another site near Pouce Coupe. In July, police changed their analysis of

the attacks, calling them "domestic terrorism" for the first time.<sup>39</sup> On 15 July, the *Dawson Creek Daily News* received a second letter, two pages long and handwritten. The letter writer gave EnCana a three-month ultimatum to

Cease all your activities and remove all your installations. Return the land to what it was before you came, every last bit of it, including your fancy gas plant at Kelly Lake before things get a lot worse for you and your terrorist pals in the oil and gas business.<sup>40</sup>

The letter writer said that attacks would be discontinued during a three-month period, "so we can all take a summer vacation." The purpose of the attacks, according to the bomber's letter was: "to let you [EnCana and the rest of the gas industry] know that you are indeed vulnerable, [and] can be rendered helpless despite your megafunds, your political influence, craftiness, and deceit."

Wiebo Ludwig re-entered the story in September 2009 when he wrote an open letter to the pipeline bomber. "You need to know that you have already set a lot of good things in motion," wrote Ludwig. "You've truly woken a lot of people up and stimulated some very valuable discussion." The decision to limit sabotage to remote infrastructure showed "thoughtful restraint" according to Ludwig, who urged the bomber to end the campaign in favour of peaceful means.<sup>41</sup> The reasoning behind Ludwig's letter is contested; police arrested him on 8 January 2010 and initially planned to charge him with extortion related to the BC bombings. The warrant to search the Ludwig farm noted that the police were hoping to find specific objects such as red and blue pens to match the bomber's letter, a specific type of postage stamp and boots to match a tread print found at one of the bombed sites.<sup>42</sup>

After a day of interrogations and an extended search of his property, Luwdig was released without charges.<sup>43</sup> During the search of Ludwig's property, a police spokesperson, Tim Shields, told reporters, "obviously we have to take this seriously, it is not minor, it is not controlled, it is domestic terrorism."<sup>44</sup> While Ludwig's role in the BC sabotage campaign remains unclear, there is little debate that rapid energy development in the area coupled with a climate of distrust between many farmers and the industry represent the political backdrop underpinning broader debates on sabotage. The *Vancouver Sun*'s headline "First Came the Energy Boom, Now the Bombs" puts the situation in context.<sup>45</sup>

## Sabotage and Environmental Conflict

There is little debate that the global environment is facing increased stress from human activities, including petroleum extraction. And there is an emerging consensus across the political spectrum that environmental sustainability and political security are fundamentally linked.<sup>46</sup> Thus, environmental stresses or insecurities can and often do precipitate, exacerbate or contribute to political unrest and violence.<sup>47</sup> In the case of western Canada, environmental stresses from petroleum exploitation include: loss and disturbance of living spaces; landscape fragmentation; wildlife disturbance; oil spills; aquifer depletion; pollution; health and ecological effects from the flaring of sour gas; and greenhouse gas emissions.<sup>48</sup> CTV's flagship investigative program W5 arged that the bombings have

put a spotlight on the underlying struggle of "energy versus the environment."<sup>49</sup> Freedom of Information documents from the Integrated Threat Assessment Centre (ITAC) marked "secret" explain the state's interpretation of what is inspiring sabotage in northeastern BC:

The Western Canadian oil industry [two lines blanked out] encounters many opponents. Pollution, the use of lands owned or claimed by native communities, the employment of people living in the area and the distribution of contracts are examples of the issues that create tension between companies and interest groups.<sup>50</sup>

Thus, state security analysts concur that environmental grievances, in this case 'pollution,' are possible causes of recent sabotage. Environmental conflict includes a wide variety of actions and concerns. In terms of the broader literature, the BC attacks are likely best classified as "disputes arising directly from local environmental degradation."<sup>51</sup> The local nature of the bomber's concerns is witnessed by the fact that s/he only sent letters to small media outlets in northeastern BC, rather than aiming for the broader reach of *The Globe and Mail, Calgary Herald* or *Vancouver Sun*.

Traditional historical studies of attacks against oil infrastructure usually focus on 'non-democratic' countries where grievance mechanisms are not established and the rule of law is tenuous – Iraq, Nigeria, Saudi Arabia and Colombia, for example.<sup>52</sup> Canadian companies operating outside the state's borders have been attacked in such regions. On 15 September 2006 fighters in Yemen used car bombs to attack the Ash Shihr terminal on the Arabian Seat owned by the Canadian firm Nexen.<sup>53</sup> Historical scholarship on oil sabotage also focuses on inequality in wealth distribution and ethnic exclusion as prime motivators for those who take violent action against oil interests.<sup>54</sup> These aspects of the literature are not supposed to apply to a country such as Canada, which is ostensibly governed by the rule of law and a political psychology of "democratic pluralism."<sup>55</sup>

Regardless of how pluralism and legalized grievance procedures are interpreted and enacted, new literature on pipeline sabotage, especially work coming directly from military researchers, emphasizes that "[a]ttacks on oil and gas installations have become the weapon of choice" for a variety of organizations and will likely increase "irrespective of the political system and social-financial boundary conditions of the society under attack."<sup>56</sup> The BC case seems to fit within this and other aspects of the new pipeline securitization literature. Likewise, saboteurs "typically are member of the surrounding communities" near oil infrastructure.<sup>57</sup> A police media spokesperson believes the saboteur/s is local "because of their familiarity with the community as well as knowl-edge of the oil and gas industry."<sup>58</sup>

## **Overview of the Property Rights Debate**

As a former advisor to Canadian Prime Minister Stephen Harper and an analyst on petroleum infrastructure security for the influential Canadian Defense and Foreign Affairs Institute, Tom Flanagan's opinions hold considerable sway. The University of Calgary academic is likely familiar with the work of Niccolò Machiavelli who argues in *The Prince* that the "majority of men live content" when "neither their property nor their honor is touched." Petroleum companies in western Canada have a history of touching both of these things.<sup>59</sup> Flanagan argues that:

The underlying cause of sabotage is the peculiar structure of property rights; the fact that the Crown owns the mineral resource and individuals own the surface rights. If you go back to Ludwig, he owned the surface rights and not the mineral rights. Individual landowners aren't happy to see oil and gas companies on their land; it's not just the drilling but the roads, the land that has to be cleared for the drilling pad, and the noise. Maybe part of the answer would be to amend the legislation for companies to pay greater compensation to surface rights owners.<sup>60</sup>

Small farmers around North America have a history of considering individual property rights as the "basis for freedom and independence."<sup>61</sup> And, conventional wisdom maintains these independent farmers and other rural residents do not want oil company representatives demanding space for pipe-lines or compressor stations on their land.

Despite the arguments of Machiavelli, through John Locke, Thomas Jefferson and 21<sup>st</sup> century progenitors of the property relations thesis such as Flanagan, questions surrounding property rights are not the fundamental driver of conflicts in northeastern BC. Conflicts around property relations are certainly important, but captive regulatory agencies are in fact the driving force inspiring sabotage. The western Canadian country singer and cattle rancher Corb Lund offers a rebuttal to Flanagan's property rights interpretation. After lambasting the environmental effects of oil drilling in his song "My Prairie":

The water's been poisoned. My calves are all dead. The children are sick and the aquifer is bled.

Lund opts instead for an analysis of conflict rooted in regulatory captive theory,

I don't got the money that lawyers can buy. I don't have my own government's laws on my side. But I got this old rifle that my granddaddy owned. This is my prairie and this is my home.<sup>62</sup>

Farmers, and other residents who have a connection to the land where petroleum extraction is happening, say rules governing extraction favour corporate land access above health, safety, the environment and basic dignity for other land users. In essence, petroleum companies have 'captured' government regulatory bureaucracies for their own benefit.

## **Regulation in British Columbia**

In 1998, the BC government announced an overhaul of petroleum regulations with the creation of the *Oil and Gas Commission Act*. Prior to this legislation, created by the BC New Democratic Party

and the Canadian Association of Petroleum Producers,<sup>63</sup> extraction was covered by a range of bureaucracies including the Ministry of Energy and Mines, the Ministry of Environment, Lands and Parks (now Ministry of Water, Land and Air Protection (WLAP)) and the Ministry of Forests.<sup>64</sup> The heart of the *Oil and Gas Commission Act (OGC Act)* was the transfer of power of approvals for pipelines, surface tenure and gas wells to the Oil and Gas Commissioner, powers previously held by aforementioned ministries.<sup>65</sup>

The provisions of the *OGC Act* were first established by a Memorandum of Understanding between the provincial government and the Canadian Association of Petroleum Producers signed in February 1998 aimed at making BC, "one of the most attractive places in North American for oil and gas investment."<sup>66</sup> The reason for the new Oil and Gas Commission was to create 'single window' regulator who could grant approvals for new projects. This design was fundamentally linked with petropolitics and government dependence on resource revenues. As a group of legal scholars note "very simply, in the oil and gas industry, the government saw the potential for substantially increased production and industrial activity in the province with a corresponding boost in government revenue."<sup>67</sup>

Then Minister of Mines and Energy Dan Miller signed the *Oil and Gas Commission Act* into law on 21 July 1998. Part of the reason for creating a formal single window regulator was that "both government and industry wanted to avoid … procedural trappings such as oral hearings and legal representation."<sup>68</sup> In other words, the act was designed to limit the abilities of citizens to resist industry incursions. Prior to the *OGC Act*, the 1996 *Petroleum and Natural Gas Act* set forth the processes by which a gas company could access private land, along with other regulatory issues. The Mediation and Arbitration Board (MAB), a quasi-judicial body tasked with settling disputes, was established by the 1996 act. While the 1998 *OGC Act* changed the *Petroleum and Natural Gas Act*, along with a host of other legislation, the Mediation and Arbitration Board continues to operate alongside the Oil and Gas Commission.

The MAB is responsible for mediating disputes between surface holders and oil companies on an individual basis and is responsible for granting right of entry deals to oil companies when negotiations with landowners fail; it can impose settlements on opposing parties.<sup>69</sup> The OGC is tasked with macro-regulatory oversight, including "balancing a broad range of environmental, economic and social considerations" and specifically ensuring "public safety, conservation of petroleum resources, fostering a healthy environment, and equitable participation in production."<sup>70</sup> In northeast BC, some 95% of gas wells are drilled on Crown land, with just 5% on private land, although the latter number will likely rise as industry searches for new frontiers.<sup>71</sup> Still, this fact means that the OGC is the more important of the two regulators because the MAB only deals with disputes involving private landowners.

When the two regulatory authorties signed a Memorandum of Understanding on 10 March 2008, both agencies admitted that farmers and other landowners have been confused and irritated by the regulatory process. "Both organizations understand there can be confusion over which organization is best suited to address issues facing landowners and oil and gas companies," said then OGC commissioner Alex Ferguson.<sup>72</sup> Since that time, landowners and oil companies can run simultaneous cases through both agencies. Since the BC government initiated a major overhaul of the province's environmental regulations in 2002, if not before, both regulators are seen as captive. The *Dawson* 

*Creek Daily News* reports that many landowners "believe both of these groups are in the pocket of oil and gas companies and have little faith in their ability or desire to take their issues seriously."<sup>73</sup>

## The OGC and BC Liberals

During the NDP's tenure, which ended when the Gordon Campbell Liberals were sworn into office in June 2001, the OGC was described "neutral" by one environmental watchdog.<sup>74</sup> While other environmentalists and some scholars may question if the OGC was ever neutral, it is clear that the Liberals changed the organization, along with other regulatory bodies in the interests of industry. After their 2001 election, the Liberals promised to double gas production by 2011.<sup>75</sup> The year 2002 is arguably the most important single point for assessing when regulatory bodies in BC became captive to the interests of industry.

The Campbell government amended the *Oil and Gas Commission Act* as part of a far-reaching energy strategy, placing the Oil and Gas Commission under the direct control of the Minister of Mines and Energy, the same body tasked with expanding the gas industry.<sup>76</sup> This move eliminated notions of the OGC as a neutral regulator. The Liberals also changed the province's *Environmental Assessment Act* "replacing one of the country's most progressive provincial EA laws with one of the weakest" according to David Richard Boyd.<sup>77</sup>

Some of these repercussions can be seen in the high number of spills, accidents and other problems. In its 2002/03 annual report, the Oil and Gas Commission states that compliance with regulations is "the responsibility of the oil and gas industry.... This can be achieved through the implementation of self-imposed guidelines."<sup>78</sup> Allowing industry to 'self-impose' is not a sensible way to enforce environmental laws. The *Vancouver Sun* obtained statistics from the commission indicating that when inspectors did check on gas operations, the vast majority were breaking the law. From 3,305 field inspections performed in 2004, 64% were out of compliance – resulting in a total of 5,734 infractions – compared with just 36% of gas operations which extracted according to the rules.<sup>79</sup> The total number of operations found out of compliance in 2004 increased 14% from 1,862 operations in 2003, and the number of violations jumped 26% from 4,535.<sup>80</sup>

At the height of the anti-EnCana sabotage campaign, the situation with compliance had not improved in many respcts. In a 11 February 2010 report, BC's Auditor General found the Oil and Gas Commission was not making significant progress in cleaning up contaminated sites.<sup>81</sup> "I had expected more progress because this is not our first audit dealing with contaminated sites in British Columbia," said the Auditor General, referencing a 2002/03 report on provincial contaminated sites.<sup>82</sup> "The oil and gas industry in B.C. has seen significant growth over the last decade, which has the benefit of increased revenues for the province, but also carries greater risks of contamination," says the report. Among the report's findings, companies are not doing enough to restore exhausted drilling sites, placing undue pressure on the province's orphan well fund.<sup>83</sup> The OGC downplayed the Auditor General's concerns.<sup>84</sup>

#### The Mediation and Arbitration Board

Upon becoming Chair of the Mediation and Arbitration Board (MAB) in 2007, Cheryl Vickers admitted that the board was "a mess" and had "no credibility."<sup>85</sup> Normally, the words of bureaucrats should be taken "like margitas – with a heavy grain of salt" in the words of singer Joel Plaskett, but when someone admits their own organization is dysfunctional, that is a pretty good sign that it is. Vickers was not the first MAB official to criticize the organization. "From my experience in the past I do not believe that government really wants a Mediation and Arbitration Board to be a help to the landowners or anyone else that wants to bring a case before the board," said former board member Thor Skafte in 2006.<sup>86</sup> Gas companies were (and are) using the MAB to gain access to private land without disclosing the locations of wells and pipelines. Essentially, companies were filing arbitration orders before explaining their plans to farmers, leading Vickers to admit that the MAB was "all sort of ass backwards."<sup>87</sup>

When asked by a newspaper reporter about moving the MAB outside of the Department of Mines and Energy, the organization responsible for bringing resource investment to the province, Vickers said "[t]here's this perennial debate about whether that's appropriate or whether they should all be housed under the Ministry of Attorney General."<sup>88</sup> Regulatory reform advocates believe the Attorney General's office would be a more fair location for the board.

To understand how MAB rulings work in practice, the experience of Ken and Loretta Vause provide a useful case study in captive theory. "It's like the Wild West out here," said Ken Vause, a farmer living in Farmington about 20 minutes from sabotaged sites who also works part time in the gas industry.<sup>89</sup> "A land agent came here for an hour, he didn't show us any plans for where the new pipeline would go," said Vause, who blames the government's unwillingness to regulate properly the industry for his present standoff with the company which wants to put a sour gas line through one of his canola fields. In BC, land agents, the people who represent gas companies in negotiations with farmers, do not have to be licensed, unlike neighbouring Alberta.<sup>90</sup> This, according to farmers, allows land agents to act like bullies without repercussions. EnCana, however, has its own code of conduct for land agents which is the same in Alberta and BC.<sup>91</sup> In the past, Vause had always negotiated deals with gas companies, but recent negotiations, especially since the gas boom began in 2000 leading to increased government dependence on petroleum revenue, have been far worse. He calls the MAB a "kangaroo court."

After the land agent's initial visit, Vause hired a lawyer and drove to Grand Prairie, Alberta, to be in the lawyer's office for a conference call with representatives from the MAB and the gas company (Spectra Energy). He recounts how captive theory plays out on the ground:

On the conference call, everyone identifies themselves. When Spectra's representative introduced himself, the mediator [from the MAB] said, 'Oh, how are you Brian? Haven't talked to you in a while.' The mediator knew him personally. You don't stand a chance. This pipeline they put here, I am stuck with the liability forever. I never signed a paper or anything for it, but I am still liable. If I drive over it and damage it, I am responsible.<sup>92</sup>

Vause received \$19,000 from Spectra as compensation for the land disturbance, which didn't

even cover half his legal bills. In Alberta, companies have to pay the legal bills during disputes with landowners. This isn't the case in BC, leading Vause to assert that the rules are unfair.<sup>93</sup> Companies in BC can use what legal experts colloquially call 'scorched earth' tactics – i.e., marshalling superior financial resources to bankrupt your opponents and force them to concede defeat.

## **Dual Identities**

At the height of Wiebo Ludwig's sabotage campaign against EnCana's predecessor in the late 1990s, *The Wallstreet Journal* published a story with the headlined "Oil-Well Sabotage in Canada Reflects Tension with Farmers."<sup>94</sup> The headline is a little misleading. In northeastern BC identities between 'farmer' and 'oil worker' are not uniform. Certainly, there were and are tension between oil companies and farmers. However, the two groups are not necessarily stagnant categories. Most farmers near Dawson Creek have, at some point, worked in the oil industry. Many farmers disputing present extraction policies, including the Volzs and Vauses, continue to work as subcontractors for gas companies.

The dual identities of opponents to current extraction policies are important for the analysis of this paper. Few in northeast BC uniformly oppose gas extraction, in fact most farmers who have connections to the industry support a form of property rights where surface owners are not subsurface owners. "I can understand that the oil doesn't belong to us and I have no problem with that," says June Volz. "Society needs the oil, there are no ifs ands or buts. But at night I have to get up sometimes and close the windows because a flare had been blown out, so we had all this pollution." Thus, opponents are not angry about extraction per se, they are upset with how it is being carried out. If regulations were less friendly to the industry in the short term and gave residents more power to shape the nature of development and to oppose specific incursions, there would be significantly less conflict in northeastern BC.

#### **Blowouts and a Conclusion**

Since the sabotage campaign began in the fall of 2008, police, government officials and EnCana have claimed that protecting public safety is reason for a harsh state security response and a one million dollar bounty on the saboteur. "We take the bombings of our facilities very seriously. The safety of our workers and the people who live in the communities where we operate is of paramount importance. That's why we are putting up this reward to help stop these bombings and end the threat that they pose to people in the Dawson Creek area," said Encana spokesman Mike Graham.<sup>95</sup> However, when recent history is scrutinized, these statements seem disingenuous. On 22 November 2009, an EnCana pipeline near Tomslake burst, releasing 30,000 cubic metres of toxic sour gas into the community.<sup>96</sup> "This is a very serious event," said Oil and Gas Commission spokesman Steve Simon. "This shouldn't have happened."<sup>97</sup> In its assessment of the leak, the OGC reported a resident first smelled gas at 2:30 am. The company's emergency shut-off valve failed.<sup>98</sup>

The first call came into 911 at 8:36 am, after a resident drove through a cloud of poison gas.<sup>99</sup>

The community self-organized an evacuation with a flurry of phone calls. EnCana didn't tell residents about the danger until 10:16 am, several hours after the pipeline burst. The company didn't stop the leak until 10:45 am.<sup>100</sup> "Clearly, procedures were not followed," EnCana Vice-President Mike McAllister told reporters at a Calgary press conference, where he issued an apology.<sup>101</sup> No one was arrested or criminally charged as a result of the incident; in fact Encana did not even have to pay a fine.<sup>102</sup> "This leak probably released thousands of times more gas than what has been released by the bombings," said Tim Ewert, one of the dozens of people who had to evacuate themselves.<sup>103</sup>

If safety was the over-riding concern, Encana would have had to do more than issue an apology. And while the 'capitve' OGC regulator did issue a thorough report and strong statements on the leak, there was no concerete action. This incident and the responses to it provide clear evidence that public safety is not the main factor motivating state responses to sabotage. Thus, it seems as though providing security for capital investment, partially as a means to bolster government petroleum revenues, is the over-riding public policy concern for the police, EnCana and the BC government. Unlike the seemingly intractible problem of property relations, these grievances can be dealt with primarily through legal changes. Thus captive regulators, not issues with property rigths are the main cause of confict and sabotage in northeastern BC.

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