LOUD BANGS AND QUIET CANADIANS: POWER, PROPERTY RELATIONS AND ANTI-ENCANA SABOTAGE IN NORTHEASTERN BRITISH COLUMBIA, OCTOBER 2008-AUGUST 2009

by

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Abstract

Between October 2008 and August 2009, EnCana, North America's largest natural gas producer was targeted by a series of bombings in northeastern British Columbia. A prevailing scholarly interpretation of this and similar incidents suggests that such attacks arise from the resentments of small landowners about the separation of surface and subsurface property rights. This thesis uses original reporting, government documents obtained through the Freedom of Information Act, along with media reports and secondary scholarship to argue that contradictions between surface and subsurface property rights in and of themselves do not explain the bombings or the grievances local people have with the industry. Rather, deregulation of the provincial natural gas industry, beginning before, but accelerating after 2001, has led to the conditions considered unacceptable by a large number of residents in the affected area. Placing this local unrest within the emerging literature on environmental conflict, this thesis argues that industry regulators in B.C. have created legislation which favours gas extractors over other land users. This legislation, supported by industry and a provincial government dependent on petroleum revenues, is the main cause of the conflicts. EnCana's comparative advantage in its B.C. holdings comes not from the resource itself, which is unconventional and harder to access than typical petroleum deposits, but from Canadian political stability. The desire to exploit stable deposits as fast as possible is, ironically, creating instability.

Preface

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To the Emir of Qatar

The water's been poisoned

My calves are all dead

The children are sick and the aquifer is bled

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 Corb Lund (2009)¹

Explosions and sabotage against the petroleum industry have arrived in northeastern British Columbia (B.C.) Typically such attacks have been associated with conflict prone regions and unstable governments including those of Nigeria, Iraq or Yemen. Yet between October 2008 and August 2009 six attacks targeted infrastructure owned by EnCana, North America's largest natural gas producer, raising questions about security, environmental destruction and the decision-making process regarding petroleum developments.² Prime Minister Stephen Harper plans to continue developing Canada's image south of the border as an "emerging energy super power", and the sabotage campaign of 2008-2009 has implications beyond the petroleum industry. Attacks affect international energy markets, along with concepts of property rights, environmental

¹ Corb Lund, "This My Prairie," Losin' Lately Gambler (New West Records, 2009). Lund's music video for another song about work on the oil patch, "The Roughest Neck Around," won a 2004 for historical preservation from the Petroleum history Society. This award is normally given to academics.

² Tom Marr-Laing and Chris Severson-Baker, *Beyond Eco-terrorism: Deeper Issues Affecting Alberta's Oilpatch* (Drayton Valley Alberta: Pembina Institute for Appropriate Development, 1999), 4; Friedrich Steinhäusler, el al., "Security Risks to the Oil and Gas Industry: Terrorist Capabilities," *Strategic Insights*, 7:1 (February 2008): 1; Jan K. Fedorowicz, "The Ten Thousand Mile Target: Energy Infrastructure and Terrorism Today," *Critical Energy Infrastructure Protection Policy Research Series*, Ottawa: Canadian Centre of Intelligence and Security Studies (March 2007); Michael L. Ross, "Blood Barrels: Why Oil Wealth Fuels Conflict," *Foreign Affairs*, 87:3 (May/June 2008), 5. Robert D. Kaplan, "The coming anarchy," *Atlantic Monthly*, (February 1994). Accessed on January 12, 2009. http://www.theatlantic.com/magazine/archive/1994/02/the-coming-anarchy/4670/ For pipeline specific information see Robert Kaplan, "Pakistan's Fatal Shore," *Atlantic Monthly* (May 2009). Accessed on January 12, 2009. http://www.theatlantic.com/magazine/archive/2009/05/pakistan-8217-s-fatal-shore/7385/

regulation, and social conflict.³ The thesis will provide a brief synopsis about the sabotage itself, before explaining the conditions driving sabotage, the specifics of environmental activism in northeastern BC, and the role of legislated deregulation in exacerbating tensions.

Background: Introduction to attacks

On 12 October 2008, a hunter in northeastern B.C. stumbled across a six foot crater at the base of a natural gas pipeline. The crater, some fifty kilometres from the town of Dawson Creek, was caused by a deliberate explosion. On 10 October, Coffee Talk Express, a small town 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." The area was in the midst of a major boom in the recovery of unconventional gas and residents had been voicing complaints about negative effects on the environment and human health from the rapid extraction.

³ Stephen Harper, "Prime Minister Harper addresses the Canada-U.K. Chamber of Commerce in London," 29 May 2008. Accessed on October 3, 2008.

¹http://pm.gc.ca/eng/media.asp?category=2&id=2131 For other key information on Canada's emerging importance as an energy exporter and some of the ensuing conflicts around environmental sustainability, see Tony Clark, Tar Sands Showdown: Canada and the New Politics of Oil in an Age of Climate Change (Toronto: James Lorimer & Company, 2008). Paul Chastko, Developing Alberta's Oil Sands (Calgary: University of Calgary Press, 2003), 200. Andrew Nikiforuk, Tar Sands: Dirty Oil and the Future of a Continent (Vancouver: Greystone Books, 2008). William Marsden, Stupid to the Last Drop (Toronto: Knopf Canada, 2007), 229. Nina Graeger, "Environmental Security?" Journal of Peace Research 33 (1996): 109-116; Thomas Homer-Dixon, Environment, Scarcity and Violence (Princeton N.J: Princeton University Press, 1999).

⁴ "Explosion on natural gas pipeline," File # 2008-7210 Dawson Creek File (14 October 2008), Accessed on 15 January 2009. http://www.bc.rcmp.ca/ViewPage.action?siteNodeId=38&languageId=1&contentId=6652&q=dawson%20 creek

⁵ Wendy Stueck and Mark Hume, "Second Pipeline explosion bears marks of Sabotage, RCMP say" The Globe and Mail, October 16 2008. FOI 117-2009-54 sent to CSIS received September 8, 2009. Document Integrated Treat Assessment Centre 08/145 "A Third Small-Scale Explosion Targets EnCana Pipeline on 2008 10 30."

The pipeline targeted in the blast carried dangerous hydrogen sulfide, colloquially referred to as sour gas, to one of EnCana's processing facilities. Hydrogen sulfide is described as an "extremely rapidly acting, highly toxic gas... Just a few breaths of air containing high levels of hydrogen sulfide ... can cause death." Another blast occurred on the morning of 16 October 2008. In late October, presumably around midnight on the thirtieth, a third bomb was detonated, with an explosion causing a pipeline rupture, releasing a limited amount of sour gas near the community of Tomslake. 9

Police described the attacks as "violent" and asked for the public's help, but stopped short of calling the sabotage "terrorism." The Integrated National Security Enforcement Team (INSET), a mix of top law enforcement officials from various agencies, sent some 250 officers to the region, showcasing how seriously the state views minor attacks on energy infrastructure. 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 a fourth blast, which damaged a storage-shed and wellhead located only 250 meters from the nearest residence.

⁶ Andrew Nikiforuk, "Industrial Sabotage: Under Attack" *Canadian Business*, August 17, 2009. Accessed on September 2, 2009.

http://www.canadianbusiness.com/markets/commodities/article.jsp?content=20090817 10006 10006

The U.S. Agency for Toxic Substances and Disease Registry (ATSDR), Public Health Statement on Hydrogen Sulfide, July 2006." Accessed on September 1, 2009. http://www.atsdr.cdc.gov/toxprofiles/phs114.html

⁸ Wendy Stueck and Mark Hume, "Second Pipeline explosion bears marks of Sabotage, RCMP say," *The Globe and Mail*, October 16, 2008.

⁹ FOI 117-2009-54 sent to CSIS received September 8, 2009. Document Integrated Threat Assessment Centre 08/148 "threats to Domestic Interests."

¹⁰ "B.C. RCMP public information page on Dawson Creek bombings." Accessed on November 15, 2009.

 $[\]underline{\text{http://www.bc.rcmp.ca/ViewPage.action?siteNodeId=38\&languageId=1\&contentId=6893\&q=dawson\%20}\\ \text{creek}$

¹¹ Mark Hume, "Hunt for Pipeline Bomber Draws Harassment Complaints," *The Globe and Mail*, July 10, 2009.

^{12 &}quot;B.C. RCMP public information page on Dawson Creek bombings." Accessed on August 15, 2009. http://bc.rcmp.ca/ViewPage.action?siteNodeId=531&languageId=4&contentId=7730

In a news release, police denied persistent rumours that the bombings were 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 *The Province* featured a Wild West style poster with a "wanted" sign when EnCana offered the bounty. EnCana later raised the bounty to one million dollars, tied as the largest reward ever offered in Canadian history.¹³

After a lull of several months, another blast hit on Canada Day; EnCana staff discovered the fifth blast on 1 July 2009 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. ¹⁴ On July 15, 2009, the *Dawson Creek Daily News* received a second letter, two pages long and hand-written. 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. ¹⁵

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

¹³ "EnCana offers \$1M for leads in bombings," *Toronto Star*, July 31, 2009, A21.

¹⁴ Katie Mercer, "RCMP investigating sixth bombing of EnCana pipeline since October," *The Province*, July 4, 2009. For the label of "domestic terrorism" see also Ryan Cormier, "Wiebo Ludwig writes open letter to EnCana pipeline bomber," *Edmonton Journal*, September 12, 2009, Accessed on September 14, 2009.

 $[\]underline{http://www.edmontonjournal.com/news/Wiebo+Ludwig+writes+open+letter+EnCana+pipeline+bomber/19}\\ \underline{88515/story.html}$

^{15°}Letter to the editor sent to the *Dawson Creek Daily News*, received by the paper July 15, 2009, released by the RCMP July 16 2009 and viewed via http://www.bc.rcmp.ca/digitalAssets/16/16791 Encana Letter.pdf

are indeed vulnerable, [and] can be rendered helpless despite your megafunds, your political influence, craftiness, and deceit." There has not been another attack since July 2009, although other letters, allegedly from the bomber, have emerged. One man, previously convicted saboteur Wiebo Ludwig, was arrested in 2010 in connection with the attacks, although he was never charged.

Ludwig, who led a sabotage campaign against sour gas extraction by the Alberta Energy Company in the late 1990s in neighbouring Alberta, wrote an open letter to the B.C. pipeline bomber in September 2009. "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. ¹⁶ 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 B.C. bombings. The warrant to search the Ludwig's farm included the desire to find specific objects such as red and blue pens to match the bombers letter, a specific type of postage stamp and boots to match a tread print found at one of the bombed sites. ¹⁷

After a day of interrogations and an extended search of his property, Ludwig was released without charges. ¹⁸ During the search, police spokesperson Tim Shields told reporters, "obviously we have to take this seriously, it is not minor, it is not controlled, it

¹⁶ Ryan Cormier, "Wiebo Ludwig writes open letter to EnCana pipeline bomber," *Edmonton Journal*, September 12, 2009.

¹⁷ *CTV W5*, "Behind the Pipeline bombings in northern B.C." Saturday, January 23, 2010. http://www.ctv.ca/servlet/ArticleNews/story/CTVNews/20100122/w5 tomslake 100123/20100123?s nam e=W5

¹⁸ Chris Arsenault, "Hunt for Oil Patch Bomber takes New Twist" *Inter Press Service*, January 18, 2010. http://www.ipsnews.net/news.asp?idnews=50025

is domestic terrorism."¹⁹ While Ludwig's role in the B.C. sabotage campaign remains unclear, it is clear that rapid energy development in the area, coupled with a growing climate of distrust between many farmers and the industry provide the basic context for the sabotage. A *Vancouver Sun* headline sums up this consensus: "First Came the Energy Boom, Now the Bombs." ²⁰

Explanations and broad interpretations

Social conflicts stemming from environmental grievances, such as pollution from the gas industry, have become a major field of study for academics. ²¹ As a specific form of environmental grievance, battles between farmers and oil companies are usually framed as conflicts stemming from property relations. ²² "At the heart of the conflict is the reality that in British Columbia, as in the rest of Canada, landowners do not own subsurface rights to minerals, oil or gas beneath their property," writes a *Globe and Mail* reporter, explaining the standard interpretation of the root forces driving unrest, and perhaps, sabotage. ²³

¹⁹ CTV W5, "Behind the Pipeline bombings in northern B.C."

²⁰ Pete McMartin, "First Came the Energy Boom, Now the Bombs," *Vancouver Sun*, August 1, 2009. Accessed August 6, 2009. http://www.vancouversun.com/story_print.html

²¹ Jessica Tuchman Mathews, "Redefining Security" *Foreign Affairs*, 68 (1989): 162-77. Daniel H. Deudney and Richard Anthony Matthew Eds, *Contested Grounds: Security and Conflict in the New Environmental Politics* (New York: SUNY Press, 1999). Gwynne Dyer, *Climate Wars* (Toronto: Random House Canada Second Impression Edition, 2008). Nina Graeger, "Environmental Security?" *Journal of Peace Research* 33 (1996): 109-116; Thomas Homer-Dixon, *Environment, Scarcity and Violence* (Princeton N.J: Princeton University Press, 1999).

²² Chris Arsenault interview of Tom Flanagan by telephone, summer 2009. For quotes from the interview see, "It's like the wild west out here," *Inter Press Service*, August 30, 2009. Flanagan's broader work on resource securitization and conflicts in the oil patch includes: Tom Flanagan, *Resource Industries and Security in Northern Alberta*, prepared for the Canadian Defense and Foreign Affairs Institute, June 2009. The idea that "lost property rights" incite conflict in oil extracting areas can also be seen in Michael L. Ross, "Blood Barrels: Why Oil Wealth Fuels Conflict," *Foreign Affairs*, 87:3 (May/June 2008): 2-9. Anthony Scott, *The Evolution of Resource Property Rights* (New York and Oxford: Oxford University Press, 2008). 340.

²³ Wendy Stueck and Mark Hume, "Inside an explosive situation," *The Globe and Mail*, October 25, 2008, sec. A3.

Tom Flanagan, a professor at the University of Calgary and former adviser to Canadian Prime Minister Stephen Harper, echoes the standard property rights interpretation of conflict, arguing 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 [Wiebo] 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.²⁴

Small farmers around North America have a history of considering individual property rights as the "basis for freedom and independence." And, conventional wisdom maintains these independent farmers and other rural residents do not want oil company representatives demanding space for pipelines or compressor stations on their land. 26

The idea that private property is crucial for individual freedom and self-determination has loomed large in liberal theory since John Locke and Thomas Jefferson. But despite Flanagan's insistence to the contrary, questions surrounding property rights are not the fundamental driver of conflicts in northeastern B.C. Most residents angry about the current state of gas extraction do not want to own the gas under their land, rather they desire more of a say about how and when gas is extracted.²⁷ They want

²⁴ Chris Arsenault interviews Tom Flanagan, summer 2009. For published sections of the phone interview see: Chris Arsenault, "It's Like the Wild West Out Here" *Inter Press Service*, August 30, 2009. http://ipsnews.net/wap/news.asp?idnews=48269

²⁵ Steven Hahn, *The Roots of Southern Populism* (New York: Oxford University Press, 2006), 253.

For a basic overview on how property rights have developed historically in relation to extraction, see Anthony Scott, *The Evolution of Resource Property Rights* (New York and Oxford: Oxford University Press, 2008), 340.

²⁷ Chris Arsenault, "B.C. Pipeline Bombings," *Vue magazine*, September 17, 2009. http://www.vueweekly.com/article.php?id=13116

In addition to first hand reporting from the north eastern BC where no extraction opponents argued in favour of giving individual landowners direct control over the has under their land, a reading of articles

tougher environmental rules and more respect from companies negotiating land access.²⁸ The underlying cause of conflict in northeastern B.C. stems from weak regulation; regulators which favour petroleum companies and increased extraction, at the expense of other land users.

It is hardly surprising that energy companies favour legislation allowing them to extract gas on favourable terms with little oversight or regulation. However, the B.C. government, trusted with protecting the public interest, also has a major stake in increased extraction, as resource revenues contribute a significant and growing share of government fiscal capacity. In essence, government has become dependent on petroleum revenues; money from gas extraction now contributes the largest share of resource revenue to provincial coffers in B.C.²⁹ Under the current circumstances, government and industry have shared interests in increasing extraction quickly, and the easiest way to accommodate this process is through lax regulation.

While local communities in the northeast experience some benefits from rapid extraction, including economic growth and opportunities for earning extra income, they suffer almost all of the consequences in terms of negative health and environmental

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in the local and national press shows no evidence whatsoever that farmers and other land owners are pushing for privatized control over gas. The only exception is in the First Nations community of Kelly Lake; their desire for control is linked to national aspirations of self-government, rather than a push for individualized property rights to subsurface resources.

²⁸ Robert Paehlke, "Environmentalism in One Country: Canadian Environmental Policy in the Era of Globalization," *Policy Studies Journal* 28:1 (February 2000): 162.

²⁹ Andrew Nikiforuk, *Tar Sands: Dirty Oil and the Future of a Continent* (Vancouver: Greystone books, 2008). Nikiforuk's work places theories of Thomas Friedman's into a Canadian context. Friedman makes a sweeping and in some cases unsubstantiated argument that the price of oil and the pace of freedom move in opposite directions in petroleum-rich states like Iran, Venezuela or Russia. See Thomas Friedman, "The first law of petropolitics," *Foreign Policy*, (May/June 2006). http://www.foreignpolicy.com/story/cms.php?story_id=3426&print=1

Nikiforuk uses the idea of petro-politics arguing that government dependence on resource revenue rather than tax payments from individuals, leads governments to serve the petroleum companies who finance them, rather than voters who elect them. In B.C., gas revenue is the largest source of resource revenue for the provincial government.

effects. The public good derived from lax regulations is mostly experienced in more populated regions of B.C., as resource revenue leads to improved government services in Vancouver and Victoria. One farmers' rights group argues that by bearing the negative consequences of energy production, rural people are "subsidizing natural- gas production for consumers in the United States and Ontario by shouldering all the pollution costs" adding that "regulators and the marketplace are just failing ordinary people." It is the job of regulators to make sure that externalities from economic activities are not disproportionately borne by certain social groups. Passing the negative consequences of energy extraction onto rural farmers is a failure of regulation, rather than an inherit problem with resource property rights as Flanagan argues.

The response of the state and of EnCana to sabotage was decisive. The Canadian government sent 250 officers into the region, while EnCana offered a one million dollar bounty, clearly demonstrating how seriously the government and its industry partners take these attacks. Investment in B.C.'s gas patch depends on a stable political environment. The question of capital and investor confidence is crucial. The oil and gas industry contributes less than one and a half percent of the province's GDP; however, it accounts for over forty percent of non-residential construction investment (fourteen per cent of total investment) in British Columbia. Capital is a coward and it runs away from risk, notes the CEO TransCanada Corp, another major pipeline company.

³⁰ Andrew Nikiforuk, "Flare up in the oil patch," *The Globe and Mail*, January 30, 1999. D1.

³¹ Richard Corns and Todd Sandler, *The Theory of externalities, public goods and club goods* (Cambridge and New York: Cambridge University Press, 1996): xvii. An "externality" refers to negative consequences from an economic activity, such as pollution from a factory or gas installation, which are borne by people who do not directly profit from said activity. The costs of externalities are not accounted for in the production process.

³² These numbers are based on 2001 figures and the percentage of current investment capital is likely far higher. The Canadian Energy Research Institute and R. McManus Consulting, *Economic Impacts*

Thus, investment capital is a prime beneficiary of the boom. This kind of capital is disproportionately affected by political risk. Oil capitalists fear that sabotage will create risks, leading investment capital to flow to resources in other regions. 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, but from Canadian political stability. Yet the desire to exploit stable deposits as fast as possible is, ironically, creating instability.

In order to make the argument that the failure to regulate energy developments, rather than resource property rights, is the primary factor in this conflict, this thesis will begin by providing an overview of complaints from residents in northeastern B.C. about current extractive policies. It will also examine the differences between activism in the B.C. Peace River region and urban environmentalism, arguing that protests against EnCana are manifestations of working-class environmentalism, where people who make a living from resource extraction and direct connection to the land mobilize around health and environmental protection. This section will also review some of the academic literature on environmental conflict. From there, the paper will trace the changing nature of legislation in the region, showing that the government and industry worked together to create investment conditions which benefit capital at the expense of other land users. This section will outline specific complaints from residents about the regulatory process, as opposed to more general concerns elucidated in the first section. Finally it will examine

of the Oil and Gas Industry in British Columbia. Prepared by CERI for British Columbia Mines and Energy, 2004. p 24.

Otd in Nathan VanderKlippe, "The art of defusing the green protests," The Globe and Mail, Friday February 25, 2010.

³⁴ Walter Youngquist and Richard C. Duncan, "North American Natural Gas: Data Show Supply Problems" Natural Resources Research, 12:4 (December 2003), 231.

the national and international trends driving gas extraction in B.C., placing sabotage within the broader discourse of global environmental conflict to argue that problematic regulations, rather than the act of extraction itself, are the cause of strife.³⁵

The thesis will conclude with a case study of a well blowout, which released more dangerous gas than all six acts of sabotage combined. This case shows that the state's response to sabotage is governed primarily by a desire to defend the political stability which makes extraction possible, rather than a desire to protect local residents from the harm which sabotage could cause. Like people throughout Canada, residents of northeastern B.C. have been shocked by the sabotage; it is a rare occurrence in a stable country and the consequences for local people and energy markets are significant. The stakes for residents, security forces, and energy companies are incredibly high. This thesis seeks to explain the factors driving conflict in the area.

Local context

Like most people in British Columbia's Peace River region, a rural hinterland of rolling foothills dotted by cattle farms, bails of hay and oil pump jacks, the Volz family has expressed fear over the attacks and apprehension about the nature of rapid growth in gas extraction. Along with other residents who worry about the nature of current extraction regulations, the Volzes have lived in the region for two generations; they have grown hay and raised cattle on the picturesque 2,000-acre spread for the last thirty-five years. In 1983, companies drilled the first oil well on their property. June Volz

³⁵ Fedorowicz, *The Ten Thousand Mile Target: Energy Infrastructure and Terrorism Today*, 5.

taught grade school while her husband Lynn ran a backhoe business, providing services to petroleum companies.

"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'd make an offer and you'd go back and forth. And it was always with respect. It was fine and always got sorted out," said Volz. 36

The general tone of negotiations and the attitudes of petroleum companies have shifted since the unconventional gas boom began around 2001, says Volz. Companies now show what she calls, "a great degree of arrogance" and consistently threaten farmers and other land users with legal action if they complain about extraction activities or company practices.³⁷ The main complaints from farmers and other land users against the industry include: loss and disturbance of their living spaces, landscape fragmentation, wildlife disturbance, oil spills; aquifer depletion and pollution; health and ecological effects from the flaring of sour gas; and greenhouse gas emissions.³⁸

The area where the Volzes live is part of the Western Canada Sedimentary Basin in the province's northeast, a 194,000-square-kilometer region where B.C.'s gas is concentrated. In 2001, a newly elected B.C. Premier Gordon Campbell told industry

³⁶ Chris Arsenault, "B.C. Pipeline Bombings" *Vue magazine*, September 17, 2009, http://www.vueweekly.com/article.php?id=13116

³⁷ For literature on oil company arrogance and hubris, see David Harvey, "Considerations of Environmental Justice," in *Global Ethics and Environment*, Ed. Nichloas Low (New York: Routledge, 1999), 111.

³⁸ Kevin Timoney and Peter Lee, "Environmental management in resource rich Alberta, Canada: first world jurisdiction, third world analogue?" *Journal of Environmental Management* 63 (2001): 397.

officials that, "the road ahead for us in oil and gas is a multi-lane highway." The share of oil and gas investment (as a proportion of total investment in the province) rose from about five percent in the early 1990s to fourteen percent in 2001. But even faster growth began with the B.C. Liberal's election in 2001 and subsequent changes to legislation governing extraction in 2001 and 2002. B.C. averaged exports of 641 million cubic meters of natural gas per month in the 1990s and 952 million each month between 2000 and 2006.

By 2008, B.C.'s oil and gas industry provided the single largest source of resource revenue to the provincial government, \$4.09 billion, up from about \$75 million in 1992 and one billion dollars in 2001. 42 As of 2009, B.C., through its Department of Mines and Energy administered more than 14,600 oil and gas agreements covering 23.5 million acres. 43 However, the "multi-lane highway" is, to carry forward the Premier's analogy, missing adequate guardrails, signage and other safety features. A report commissioned by the provincial government notes the: "Rapid growth of the oil and gas industry within the province of B.C. has outpaced the development of health and safety policies." 44 As of 11

³⁹ Premier Gordon Campbell speaks at the B.C. Oil and Gas Development Conference, December 6, 2001. Accessed on January 29, 2009. http://www.gov.bc.ca/premier/media_gallery/speeches/2001/dec/address_to_the_bc_oil_and_gas_develop_ment_conference_2001_12_06_96548_o_1.html

⁴⁰ The Canadian Energy Research Institute, *Economic Impacts of the Oil and Gas Industry in British Columbia*, 8.

⁴¹ Ibid., 8-9.

⁴² Ibid., 21

⁴³B.C. Progress Board, Export Detail: Topic Box from the 2009 Ninth Annual Benchmark Report. Accessed on June 2, 2010. http://www.bcprogressboard.com/archives/aTB09ExportDetail.html; "B.C. Oil and Gas: yours to explore," 2009.

⁴⁴ L.M. Meed, "Population Health and Oil and Gas Activities: A preliminary assessment of the situation in northeastern B.C.," A Report from the Medical Health Officer to the Board of Northern Health, 1. Accessed on December 1, 2008.

http://www.northernhealth.ca/Portals/0/About/NH Reports/documents/OilandGasreport.pdf

February 2010 there were 20,400 oil and gas well sites in the province, with the vast majority of activity taking place in northeastern British Columbia.^{9,45}

There is little debate that regulations in British Columbia have been tailored to suit the gas industry rather than land owners or environmentalists. 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:

Through its policies, B.C. 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..." ⁴⁶

Rapid extraction brought jobs and economic growth to the region. But it also brought problems, especially for farmers and rural residents who had been living there for decades. For example, Christina Morgan, a cattle ranch operator near Tomslake, says emissions from the industry are causing severe headaches. Residents have long requested that gas wells and other industry operations be set further back from homes, but those demands for regulatory change had not been answered as of the end of 2009.⁴⁷ The main reason regulations are flawed or improperly enforced, argues environmental law expert

⁴⁵ Office of the Auditor General of British Columbia, "Improved oversight needed to manage contamination risk at B.C. oil and gas sites." February 11, 2010, 5. Accessed on March 1, 2010. http://www.bcauditor.com/pubs/2010/report8/oil-and-gas-site-contamination-risks-improved-oversight-n

⁴⁶ David Collyer, "Maintaining Momentum in B.C.'s Oil and Gas Sector" President, Canadian Association of Petroleum Producers, May 7, 2009. Accessed on June 29, 2009. http://www.capp.ca/aboutUs/mediaCentre/CAPPCommentary/Pages/MaintainingMomentuminBCsOilandGasSector.aspx#dBJ5MZpZBMVS

⁴⁷ Greg Amos, "The health hazard report the Premier never read" *The Tyee.ca*, May 1, 2009. http://thetyee.ca/News/2009/05/01/MeddReport/

David Boyd, are "short term economic considerations such as profits, competitiveness and jobs," in an analysis which applies to gas extraction legislation in B.C.⁴⁸

While there is no consensus on what specifically is motivating the saboteur, the idea that environmental conflicts are fuelling opposition to natural gas extraction is widely acknowledged by most observers from the government and the media. CTVs flagship investigative program W5 states the bombings have put a spotlight on the underlying struggle of "energy versus the environment." 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 B.C.:

The Western Canadian oil industry (2 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. ⁵⁰

Thus, state security analysts concur that environmental grievances, in this case "pollution", are possible causes of recent sabotage.

⁴⁸ David Richard Boyd, *Unnatural law: rethinking Canadian Environmental law and policy* (Vancouver: UBC press, 2003), 251.

⁴⁹ *CTV W5*, "Behind the Pipeline bombings in northern B.C," Saturday, January 23 2010, http://www.ctv.ca/servlet/ArticleNews/story/CTVNews/20100122/w5 tomslake 100123/20100123?s nam e=W5

Assessment Centre "Secret" 08/158 Getting exact figures on the absolute amount of sabotage in Canada's oil industry generally or against EnCana specifically is difficult if not impossible. This Freedom of Information request to the Canadian Security Intelligence Service for internal documents on "sabotage against Canadian oil infrastructure from 1990-2009" shows 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." The heavily censored CSIS documents did not provide any figures for acts of sabotage in the twenty-first century. The figure of 160 incidents is likely misleading. The package of information from CSIS contained articles by Andrew Nikiforuk; which likely means CSIS is relying on the veteran environmental journalist for some of their information. For his part, Nikiforuk believes that "In the space of two years [during the 1990s, the period covered by the CSIS requests] there were more than 600 acts of vandalism and industrial sabotage."* Ironically, another article by Andrew Nikiforuk published in the *Edmonton Journal* "Oil sands a prime terrorist target," October 2007, was marked "confidential" by ITAC—reading the paper is a strange way to gather confidential intelligence; a sign of ineffective security personnel perhaps?

"Industry just does whatever it wants," said Stacey Lajeunesse, a director at the Peace Country Environmental Protection Association, a citizen group founded in 1994.

"There's nobody out in the backcountry to watchdog this stuff," she said, critiquing the enforcement of existing regulations and the regulators themselves. Giving official credence to Lajeunesse's concerns, a report from the B.C. government's health department notes that "individuals and communities in Alberta, BC, and elsewhere, have expressed concerns related to public health and safety regarding oil and natural gas activities, in particular, those activities within the proximity of public areas." 52

After meeting with EnCana and other residents in 2008 to talk about gas extraction, Eric Kuenzl, a landowner from the community of Tomslake, the epicenter of recent sabotage in B.C., 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." In addition to the so-called bullying nature of EnCana and the environmental harm caused by gas extraction, residents complain that the government is neglecting its responsibilities to regulate the industry. Kuenzl, whose family has lived on the same property since 1939, said he is ready to leave because he is afraid of the long-term health effects of flaring pollutants and hydrogen sulphide, or sour gas. University of Alberta terrorism expert Paul Joosse compares sour gas wells to having a "pedophile in the neighborhood" as residents fear they could become dangerous at any time. S4

⁵¹ Shefa Siegel, "Sour Gas: the smell of money," May 23 2004, *The Tyee.ca*. Accessed March 1, 2009, http://thetyee.ca/News/2004/03/23/Sour_Gas_The_Smell_of_Money/

⁵² L.M. Meed, *Population Health and Oil and Gas Activities*, 1.

⁵³ Tamara Cunningham, "Tomslake homeowners request buyout from EnCana," *Dawson Creek Daily News*, June 25, 2008, A1.

⁵⁴ Chris Arsenault, "Hunt for Oil Patch Bomber Takes New Twist" *Inter Press Service*, Jan 22, 2009.

Along with the bullying nature of companies and pollution from sour gas, water contamination is a major concern for Peace River residents. To access gas buried deep in rock formations, companies blast large amounts of water and sand into the earth at high velocity in a process called hydraulic fracking. In northeastern B.C., the shale gas industry is permitted to withdraw up to 274,956 cubic meters of water on a daily basis from 540 creeks, rivers and lakes as well as aquifers. 55 This is twice as much water as the entire city of Victoria, the province's capital with more than 330,000 residents, uses on a daily basis. 56 The Globe and Mail, a pro-business newspaper which is broadly supportive of the extractive industry, headlined a feature article "Regulators not prepared for shale gas boom", when the University of Toronto's Munk centre released these figures on water usage.⁵⁷

Kevin Heffernan, vice-president of Calgary-based Canadian Society for Unconventional Gas, an industry trade association, admits, "There is a realization the full-blown development in some of these shale regions [in northeastern B.C.] is going to tax the water availability if we go forward with a traditional, business-as-usual approach to how water is used," but companies represented by his group are not changing their behaviour or usage patterns.⁵⁸ "In the absence of public reporting on fracking chemicals, industry water withdrawals and full mapping of the nation's aquifers, rapid shale gas development could potentially threaten important water resources if not fracture the

⁵⁵ Ben Parfitt, Fracture Lines: Will Canada's water be protected in the rush to develop shale gas? (Toronto: University of Toronto, Munk Centre for Global Affairs, 2010), 30.

⁵⁶ Andrew Nikiforuk, "A fracking disaster in making: report," *The Tyee.ca*, October 15, 2010. Accessed on October 17, 2010, http://thetyee.ca/News/2010/10/15/FrackingDisaster/

⁵⁷ Shawn McCarthy, "Regulators not prepared for shale gas boom," *The Globe and Mail*, October 14, 2010, B3. Shawn Mccarthy, "Regulators not prepared."

country's water security." ⁵⁹ In addition to regulators refusing to demand companies report what chemicals they are putting into the water supply, there has been no assessment in B.C. - or other provinces - of how companies will be able to dispose of massive amounts of potentially toxic waste water that is produced during the drilling, a key concern regarding possible surface water contamination.⁶⁰

Residents in Alberta and states in the US where fracking is popular have turned on their faucet to find gas seeping out. Jessica Ernst, an environmental consultant in rural Alberta who once worked for EnCana, faced this flaming water problem first hand. "You never know what the water is going to do," she said, after showing reporters pictures of blue and orange flames coming off of her tap water. 61 Tests on her water showed high levels of methane, ethane and other fossil fuels. ⁶² EnCana denied that its gas had poisoned her water, even though a test by University of Alberta water expert Karlis Muehlenbachs showed clear similarities between the gases in Ernst's well and the gas EnCana was pumping out of the ground close by. 63

In addition to water use, residents are also concerned with flaring, a process where excess gas is burned by extractors, rather than used to heat homes. "Gas plants are flaring 24/7," says Peter Kut, a municipal councillor in Pouce Coupe. "That concerns some people, too. They don't know what toxic materials come from the burns."⁶⁴ Toxic chemicals from EnCana's gas flares likely poisoned Alberta farmer Darrell Graff, according to the neurologist who examined him. "If it [flared chemicals from sour gas

⁵⁹ Ben Parfitt, "Fracture lines," 47.

Shawn McCarthy, "Regulators not prepared."
 Adrian Morrow, "Citizen EnCana: the double life of Calgary's greatest corporation" Fast Forward Weekly, July 10, 2008. Accessed on November 3, 2009. http://www.ffwdweekly.com/article/news-views/news/citizen-encana/

⁶² Morrow, "Citizen EnCana."

⁶³ Morrow, "Citizen EnCana."

⁶⁴ Arsenault, "B.C. Pipeline Bombings."

extraction] doesn't kill you, it produces brain damage," says Kaye Kilburn, a Los Angeles-based neurologist who examined Darrell Graff and his wife, who live near a flaring station. In addition to health and environmental concerns, a study in Alberta's gas patch found that property values for homeowners declined proportionally in relation to the number of sour gas wells and flaring stations within four kilometers of the property.

Setbacks

Of all the environmental and health concerns worrying B.C. residents, the close proximity between sour gas wells and homes and schools is likely the particular issue that stirs the most passion. Presently, dangerous sour gas wells only have to be set back 100 meters from homes, schools or other buildings. On 5 October, 2004, sour gas wafted through a school in northeastern B.C., causing panic for parents, teachers and students. The company responsible for the leak did not stop drilling gas; instead it left a fleet of school buses on stand-by near the building in case of another leak.⁶⁷ In 2009, B.C. Energy Minister Energy Minister Blair Lekstrom who is also the MLA for Dawson Creek said:

"I'm not sure that 100 meters is the appropriate number on setbacks... I imagine at the end of the day, we'll see different setbacks for schools compared to residents in the outlying areas, but it's too early to tell." ⁶⁸

⁶⁶ Peter C. Boxall, et al. "The impact of oil and natural gas facilities on rural residential property values: a spatial hedonic analysis," *Resource and Energy Economics* 27 (2005): 256.

⁶⁵ Morrow, "Citizen EnCana."

⁶⁷ Ben Parfitt, "Gas well worries principal," *Georgia Straight*, December 16, 2004. Accessed on January 9, 2009, http://www.straight.com/article/gas-well-worries-principal

⁶⁸ Tessa Holloway, "Energy Minister plans to 'even the playing field in oil and gas,'" *Dawson Creek Daily News*, June 15, 2009, A2.

However, residents have heard this before. Rick Koechl has been campaigning for greater setbacks since 2003. Former Energy Minister Richard Neufeld promised to review the setbacks in 2004 and each year thereafter, but no changes were ever made. Residents fear that long-term exposure to sour gas will harm them and their livestock. As part of a report by Northern Health, Dr. Lorna Meed conducted a review of the literature on sour gas exposure and found that there was no scientific evidence to back up claims of cancer or cattle deaths from living near pipelines or flaring stations, provided those institutions are operating within required guidelines. However, residents—including Wiebo Ludiwg—have provided strong anecdotal evidence to the contrary.

The events of 11 November 2008 are just one example of why residents want longer setbacks; that day a sour gas well operated by Conocophillips exploded near the town of Groundbirch and burned for twelve days. ⁷² In addition to the danger of the explosion itself and leaked gas, the company failed to provide a report on the incident. A 29 January 2009 inspection report from Worksafe B.C. indicated the company's failure to provide the information "will result in an administrative penalty," a Worksafe B.C. spokeswoman said she couldn't confirm whether a fine had been levied against ConocoPhillips, meaning the company could have risked the lives of local residents with no penalty. ⁷³

These sorts of blowouts, along with sour gas leaks, are not uncommon. Between 1999 and 2004, there were seventy-three potentially hazardous sour-gas leaks in the

⁶⁹Greg Amos, "Meed report awaits action," *Dawson Creek Daily News*, May 5, 2009, sec. A1.

⁷⁰ Lorna Meed, *Population Health and Oil and Gas Activities*, 17.

⁷¹ Andrew Nikiforuk, Saboteurs: Wiebo Ludwig's War Against Big Oil (Toronto: Macfarlane, Walter & Ross, 2001), 144.

⁷² Greg Amos, "Report overdue: WorkSafe BC; Legal action against company on the horizon," *Dawson Creek Daily News*, May 22, 2009, A1.

⁷³ Greg Amos, "Report overdue."

northeast, according to figures from B.C.'s Oil and Gas Commission.⁷⁴ In 2001 one of these leaks killed Ryan Strand, a young man from Fort St. John. The deadly leak released sour gas at levels of 100,000 parts per million; 500 ppm can be fatal.⁷⁵ After Wiebo Ludwig's attacks in Alberta in 1999, the Pembina Institute, an environmental think-tank which works as a consultant to the industry, issued a report stating that many rural residents "strongly believe that their health and that of their families is being harmed ... by gas industry activity."⁷⁶ The report links sour gas extraction with various human health problems. "I don't condone what this person [the B.C. bomber] is doing," said Rick Koechl, a junior high school teacher living some forty minutes from the bombed sites in B.C. "But at least it's bringing attention to the situation up here. We've had legal organisations help us with this fight, but that's not very sexy, is it?"⁷⁷

The gas boom in B.C. is a fairly new development, taking off after 2001. In neighbouring Alberta, oil and gas extraction have defined the province's economic life for the past fifty years, meaning that more academic energy has been invested in examining the situation in Alberta.⁷⁸ While legislation is different in the two provinces,

⁷⁴ Ben Parfitt, "Gas leaks sour landowners," *Georgia Straight*, July 15, 2004. Accessed May 2, 2009, http://www.straight.com/article/gas-leaks-sour-landowners

⁷⁵ Parfitt, "Gas leaks sour landowners."

⁷⁶ Tom Marr-Laing and Chris Severson-Baker, *Beyond Eco-terrorism: Deeper Issues Affecting Alberta's Oilpatch*, 4.

⁷⁷ Chris Arsenault "It's like the Wild West Out Here," Inter Press Service, August 30, 2009, http://ipsnews.net/news.asp?idnews=48269

Paul Chastko, *Developing Alberta's Oil Sands* (Calgary: University of Calgary Press, 2003). Paul Joosse, "Leaderless Resistance and Ideological Inclusion: The Case of the Earth Liberation Front" *Terrorism and Political Violence* 19:3 (September 2007).

Andrew Nikiforuk, Saboteurs: Wiebo Ludwig's War Against Big Oil (Toronto: Macfarlane, Walter & Ross, 2001). David Breen, Alberta's Petroleum Industry and the Conservation Board (Edmonton: University of Alberta Press, 1993); Kevin Timoney and Peter Lee, "Environmental management in resource rich Alberta, Canada: first world jurisdiction, third world analogue?" Journal of Environmental Management 63 (2001).

Andrew Nikiforuk, *Tar Sands: Dirty Oil and the Future of a Continent* (Vancouver: Greystone Books, 2008).

many grievances and fundamental regulatory problems are similar. We see evidence of this in popular culture in a recent award-winning song by Albertan country singer and cattle rancher Corb Lund. In his song, the epigraph of this thesis, Lund offers a compelling explanation of grievances with the industry that parallel those of interviewees in northeastern British Columbia. Like those accounts, Lund's is also a rebuttal to Flanagan's property rights interpretation of conflict. After voicing the common frustrations with the local environmental affects of drilling, Lund condemns the regulatory bureaucracy for siding with oil companies and extraction revenue, rather than other land users and hints that violence may be his only solution.

Wiebo Ludwig: Heavy-handed police tactics in league with the oil and gas industry

As the B.C. bomber case remains unsolved, getting exact information about the motivations of the saboteur is impossible. However, the story of Alberta's Wiebo Ludwig and his campaign against gas companies provides useful insights into the grievances that can lead a farmer to sabotage. On 20 April 2000 an Alberta court Ludwig of bombing a gas well after the farmer launched a sabotage campaign against Alberta Energy Co. Ltd. (AEC) costing the company an estimated ten million dollars. Like other farmers in western Canada, Ludwig blamed a series of health problems on the petroleum industry, alleging that exposure to sour gas from energy developments killed his cattle and led to at

⁷⁹ Arn Keeling, "The Rancher and the Regulators: Public Challenges to Sour-gas Industry Regulation in Alberta, 1970-1994" in *Writing Off the Rural West: Globalization, Governments and the Transformations of Rural Communities* eds., Roger Epp and Dave Whitson (Edmonton: University of Alberta Press, 2001), 297.

⁸⁰ James Brooke, "Radical Environmentalist Convicted of Gas Well Blast in Canada," *New York Times*, April 20, 2000.

least three stillbirths on the communal farm where he lives with his children and grandchildren.⁸¹

The scientific evidence does not conclusively link sour gas developments in western Canada to the health problems experienced by Ludwig and his family. 82 However, there have been studies linking stillbirths in animals with gas exposure. And rural residents in Alberta have frequently fingered sour gas as the "number one environmental problem." After Wayne and Ila Johnston lost twenty-six calves in the wake of a sour gas leak near their farm, the Alberta Research Council carried out a toxicological study concluding that the animals had sustained neurological damage "compatible with exposure to assorted hydrocarbons in other species... No consistent pattern of disease could explain the high death losses observed in calves on the ranches."

While there is no scientific consensus on the links between stillbirths, birth defects and sour gas pipelines, no one debates the intensely dangerous nature of the chemical. In terms of issues inspiring sabotage, belief and feelings about health impacts rather than conclusive scientific proof are the determining factor for actions taken by individuals.⁸⁵ "It's hard to lose a child," said Renee Ludwig, one of Wiebo's daughters.

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⁸¹ Andrew Nikiforuk, *Saboteurs: Wiebo Ludwig's War Against Big Oil* (Toronto: Macfarlane Walter & Ross, 2001), 17.

⁸² Meed, Population Health and Oil and Gas in B.C., 17.

⁸³ Keeling, "The Rancher and the Regulators," 291.

⁸⁴ Andrew Nikiforuk, "Flare up in the oil patch," *The Globe and Mail*, January 30, 1999, D1.

⁸⁵ Joshua Evans & Theresa Garvin, "'You're In Oil Country': Moral Tales of Citizen Action against Petroleum Development in Alberta, Canada," Ethics, Place and Environment 12:1 (March 2009).

She wrote a poem that reads, "The blue sky in day and the starry, bright night, You fill with death, a chemical blight." 86

In addition to fears of sour gas, the Ludwig case demonstrated some of the tactics security forces are willing to employ in their hunt for saboteurs. During Ludwig's trial, police admitted to blowing up a well shed owned by AEC in order to gain credibility for an informant. The company and police worked hand-in-hand throughout the investigation, leading some residents to conclude that the police were more interested in guarding corporate profits than public trust. AEC purchased a plane ticket so an informant could meet with the RCMP. Senior corporate officials and police maintained regular contact about the case, and discussed the conspiracy to blow-up the shed. The fact that police willfully destroyed property led to a significant crisis of legitimacy in the eyes of many rural people in both Alberta and B.C. A police officer investigating the more recent bombings in British Columbia would not comment on what, if anything, security forced had learned from the debacle around AEC.

Heavy-handed police tactics in northeastern B.C., including demands for DNA from residents, separate interrogations of husbands and wives, and public accusations linking local people to the bombing campaign, have alienated many people from the police campaign against sabotage. ⁹¹ The region's local history likely contributes to this

⁸⁶ Andrew Nikiforuk, "Clan has its allies in natural gas war," *The Globe and Mail*, August 31, 1998. A4.

^{1998,} A4.

87 "More details of RCMP 'dirty tricks' revealed" *CBC.ca*, November 10, 2000. Accessed on October 31, 2008, http://www.cbc.ca/canada/story/1999/01/29/ludwig990129.html

⁸⁸ Jill Mahoney, "AEC helped police, Ludwig trial hold," *The Globe and Mail*, February 16, 2000, A5.

⁸⁹ Chris Arsenault, "Canada 'quits' pipeline bomber hunt," *Al Jazeera*, November 12, 2010, http://english.aljazeera.net/indepth/features/2010/11/20101111101152807284.html

⁹⁰ Arsenault, "Canada 'quits' pipeline bomber hunt."

⁹¹ Arsenault, Chris. "Pipeline sabotage blows image of stable Canada," *Inter Press Service*, August 27, 2009. http://ipsnews.net/news.asp?idnews=48242

sense of alienation from authorities. In Tomslake and Pouce Coupe, many residents are the descendants of about 500 immigrations from Sudetenland, part of Czechoslovakia before World War Two, who arrived in the remote area in 1939, as political refugees fleeing persecution from the Nazis. 92 The activists from the German Social Democratic Party (DSAP) were not standard political refugees—they were activists who took action to oppose the Nazi Reich. 93 Upon arrival in Canada, the Sudetenlanders were classified as Enemy Aliens under the War Measures Act and forced to register and report weekly to the Royal Canadian Mounted Police (RCMP) as potential threats to Canada.⁹⁴

The Sudetenlanders, naturally, resented the harassment from the RCMP, particularly because they saw themselves as enemies of the Nazis, rather than potential enemies of Canada. Nonetheless, the immigrants began setting up farms and business in the region. The end of World War Two dovetailed with the discovery of gas in the area; the first commercial quantities of natural gas were discovered near Pouce Coupe in 1948, with productive wells being developed three years later. 95 While the immigrants built lives in Canada, some retained scepticism of state authorities, particularly the RCMP. When police officers used heavy-handed tactics in their hunt for the bomber, some residents were displeased and refused to cooperate with the investigations. "I think they're wasting their time here," said Tracy Kuenzl, a Tomslake resident, after the RCMP accused a seventy-six-year-old grandmother of being the gas patch bomber. "There are a few people they're pointing their fingers at and they're pointing their fingers at the wrong

⁹² Fritz Wieden, Sudeten Canadians, (Toronto: The Toronto Sudeten Club, 1982), 47.

⁹³ Johann W. Bruegel, Czechoslovakia Before Munich: The minority problem and British appeasement policy (Cambridge: Cambridge University Press, 1973), 124.

⁹⁴ Margaret Melanie Drysdale, "Three times betrayed: The Sudeten Germans of Tomslake, British Columbia," M.A. thesis, University of Victoria, 2005, 17.

95 Jean Barman, *The West beyond the west: a history of British Columbia* (Toronto: University of

Toronto Press, 1996), 15.

people."96

Dual identities: Farmer and subcontractor to the oil industry

Regardless of how analysts interpret the actions of security forces that are trying to capture the saboteur(s), the dynamics inspiring conflict are more important than the strategies used to crackdown on attackers. Understanding the identities of people who oppose gas industry regulation is crucial for interpreting the causes of sabotage. Like many in northeastern B.C., Ken Vause works as a subcontractor in the petroleum industry while also running a farm. He does not have a problem with companies drilling on private land. Rather, his grievances are linked to how the extraction process happens.

At the height of Wiebo Ludwig's sabotage campaign against EnCana's predecessor in the late 1990s, The Wall Street Journal headlined a story: "Oil-Well Sabotage in Canada Reflects Tension with Farmers." The headline demonstrates a fundamental misunderstanding of local conditions. In northeastern B.C. the dividing line between "farmer" versus "oil worker" is not clear. Certainly, tensions existed between oil companies and farmers. However, membership in the two groups is not necessarily mutually exclusive. Most farmers near Dawson Creek have, at some point, worked in the oil industry. Many farmers disputing present extraction policies, including the Volzes and Vauses, continue to work as subcontractors for gas companies.

⁹⁶ Michelle Thompson, "Grandma a likely bomber?" Edmonton Sun July 26, 2009. Accessed on July 29, 2009, http://www.edmontonsun.com/news/canada/2009/07/26/10265431-sun.html

⁹⁷ Tamsin Carlisle, "Oil-Well Sabotage in Canada Reflects Tension With Farmers," The Wall Street Journal, October 30, 1998, A17.

The dual identities of opponents to current extraction policies are important considerations for the analysis of this paper. Few residents of northeastern B.C. 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, in a rebuttal to the property relations thesis put forward by intellectuals such as Flanagan. 98 In fact, most farmers have no problem accepting the awkward reality of subsurface rights operating separately from surface rights.

"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," Volz said. Gas flaring and the proximity of sour gas lines to homes and schools are some of the issues that build common ground among farmers, other residents and oil workers who live in the area. "We have people in the neighborhood who work in the industry, but they fought alongside us to keep companies at a reasonable distance," said Rick Koechl, a teacher living near bombed sites. "They [oil workers] know how dangerous this stuff [sour gas] is."⁹⁹

Difference between rural and urban environmentalism

Environmental struggles in the Peace River region of B.C. seem to be driven by different motivations than urban environmental protests in Vancouver, Victoria or other parts of British Columbia. Typically, urban environmentalists construct "nature" or the "wilderness", as something separate from culture, and relocate it into an abstract space

⁹⁸ Arsenault, "B.C. Pipeline Bombings."⁹⁹ Arsenault, "It's like the Wild West."

that needs to be protected and conserved. ¹⁰⁰ This dichotomy does not seem to be at play in northeastern B.C., where nature, industry and daily living are linked by geographic space and real-time proximity to "wilderness." In addition to different concepts of wilderness, the abstract concept versus daily lived experience, northeastern B.C. residents critical of the gas industry are motivated by specific local grievances rather than broader "cosmopolitan concerns" that drive environmental movements in Vancouver or Victoria among a demographic of mostly young, urban environmentalists. ¹⁰¹

Activists in northeastern B.C. who want better regulation for the gas industry could be described as working-class environmentalists. Typically, urban environmentalists do not work in nature; they see it as wilderness that needs to be protected from "exploitation" by human labour. While some urban environmentalists think humans and nature are "on opposing sides in a bitter struggle," gas extraction critics live, work and profit from nature. Gas industry critics in northeastern B.C. do not want to disassociate human labour from the natural environment where their lives and livelihoods are embedded. Rather, they want to be able to earn a living from the natural world, while protecting local ecosystems and human health from the excesses of poorly regulated gas extraction. Like other working class environmentalists, they aim to unite "workplace safety... and wilderness areas" because to people in northeastern B.C. these are the same spaces. On the same spaces.

Bruce Williams Braun, "Buried Epistemologies: The police of Nature in (Post)colonial British Columbia," *Annals of the Association of American Geographers* 87:1 (1997), 9.
 Donald E. Blake et al., "Canadian Public Opinion and Environmental Action: Evidence from

¹⁰¹ Donald E. Blake et al., "Canadian Public Opinion and Environmental Action: Evidence from British Columbia," *Canadian Journal of Political Science* 3:3 (1997): 452.

¹⁰² Richard White, "Are you an Environmentalist or Do You Work for a living" in *Uncommon Ground: Rethinking the Human Place in Nature* ed. William Cronon (New York: W.W. Norton & Co., 1996). 174.

¹⁰³ White, "Are you an Environmentalist," 184.

¹⁰⁴ White, ibid, 185.

In his examination of environmental justice movements in India, which apply to working-class environmental struggles in B.C., Ramachandra Guha notes that individuals and communities who work directly in nature are often interested in issues of equity, local empowerment and questions of who should benefit from industrial processes that can damage local environments, rather than ideas of wilderness preservation. Working class environmental movements in B.C. are similar to earlier struggles against poor regulation of the gas industry in neighboring Alberta where campaigning ranchers lobbied for both energy development and environmental conservation and stricter regulation of the gas industry. ¹⁰⁶

Along with different basic motivations and concerns other than environmental struggles, the situation in northeastern B.C. is different from traditional resource conflicts in western Canada. Typical conflicts include showdowns between loggers and anti-clear cutting activists in Clayoquot Sound or the anti-tar sands battle that pitches oil companies (and oil workers) against activists from Greenpeace and other groups who aren't happy about the project's environmental impact. ¹⁰⁷ The tar sands face-off or anti-logging struggles have generally been framed as conflicts between natural resource workers and "ecological resistance movements." ¹⁰⁸ The people in northeastern B.C. opposing current gas extraction policies would not classify themselves as "ecological resistance

¹⁰⁵ Ramachandra Guha, "Radical Environmentalism and Wilderness Preservation: A Third World Critique," in *Moral Issues in Global Perspective* ed. Christine M. Koggel (Peterborough and New York: Broadview Press, 2006), 254.

¹⁰⁶ Arn Keeling, "The Rancher and the Regulators: Public Challenges to Sour-gas Industry Regulation in Alberta, 1970-1994," in *Writing Off the Rural West: Globalization, Governments and the Transformations of Rural Communities* eds., Roger Epp and Dave Whitson (Edmonton: University of Alberta Press, 2001), 280.

¹⁰⁷ Terre Satterfield, *Anatomy of a conflict: identity, knowledge, and emotion in old-growth forests* (Vancouver: University of British Columbia Press, 2002), 12. See also Clark, *Tar Sands Showdown*, 34.

¹⁰⁸ Bron Raymond Taylor, *Ecological resistance movements: the global emergence of radical and popular environmentalism*, (Albany: State University of New York Press, 1995).

movements." Their concerns are local issues, involving their health and the local environment. As previously noted, many opponents of current extraction regulation also work in the gas industry, meaning the idea of working-class environmentalism is the most apt description of the people opposing aspects of the gas industry in northeastern B.C.

While struggles in northeastern B.C. differ from urban environmental movements in western Canada, much of the broader literature on international environmental conflict can be applied to this case. "When it comes to the placement of well sites near schools and residences, I like to think of residents as regular concerned citizens," says Paul Joosse, a sociologist at the University of Alberta and one of the only other academics to conduct field work in northeastern B.C. "Their mobilization styles resemble any citizen group, whether they are trying to stop the release of a pedophile into their neighborhood, or stop a high rise development." 109

Broader environmental conflicts

Environmental conflict, including sabotage in B.C., encompasses a wide variety of actions and concerns; in terms of the broader literature, the B.C attacks are likely best classified as "disputes arising directly from local environmental degradation." The local nature of the bomber's concerns can be seen by the fact that the bomber sent letters to the *Dawson Creek Daily News* and the *Coffee Shop Express*, small local publications without the broad reach of large media sources such as the *Calgary Herald*, *The Globe and Mail* or *Al Jazeera*. By focusing on such local publications, the bomber was likely

¹⁰⁹ Arsenault, "Hunt for oil patch bomber takes new twist."

Thomas Homer-Dixon, *Environment, Scarcity and Violence* (Princeton N.J: Princeton University Press, 1999), 5.

making a statement that his/her most important concerns were specific to the area of northeastern B.C.¹¹¹

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: as in Iraq, Yemen, Nigeria, Saudi Arabia and Colombia. 112 Canadian companies operating outside the state's borders have been attacked in such regions. On 15 September 2006, for example, fighters in Yemen used car bombs to attack the Ash Shihr terminal on the Arabian Sea owned by the Canadian firm Nexen. 113 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. 114 These conditions are not generally considered to pertain to a country such as Canada, which is ostensibly governed by the rule of law, a relatively generous welfare state, and a political psychology of "democratic pluralism." ¹¹⁵

Regardless of how pluralism and legalized grievance procedures are interpreted and enacted, new literature on pipeline sabotage, especially work coming directly from military researchers, argues that "Attacks 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

¹¹¹ CTV W5, "Behind the pipeline bombings."

¹¹² For some of this literature see: Micheal T. Klare, *Blood and Oil* New York: Metropolitan Books, 2004; Ling Feng, "Political Freedom, Political Instability, and Policy Uncertainty: A Study of Political Institutions and Private Investment in Developing Countries," International Studies Quarterly 45 (2001); M.L. Ross, "The political economy of the resource curse" World Politics, 51 (1999).

¹¹³ Document: Integrated Treat Assessment Centre "Top Secret" 06/68 "Yemen: Canadian Company Targeted in Attack."

¹¹⁴Craig Jenkins & Kurt Schock, "Global Structures and Political Processes in the Study of Domestic Political Conflict," Annual Review of Sociology, 18 (August 1992).

Alexander E. Farrell, Hisham Zerriffi, and Hadi Dowlatabadi, "Energy Infrastructure and Security" *Annual Review of Environment and Resources* 29 (August 2004).

115 Paul Nesbitt-Larking, "Political Psychology in Canada," *Political Psychology* 25 (Jan 2004).

attack."¹¹⁶ The B.C. case seems to fit within this description and other aspects of the new pipeline securitization literature. Likewise, saboteurs "typically are members of the surrounding communities" near oil infrastructure. ¹¹⁷ A police media spokesperson believes the saboteur(s) is local "because of their familiarity with the community as well as knowledge of the oil and gas industry."

In a much publicized piece for the *Atlantic Monthly* published at a time when environmental conflict was emerging as a major research area, Robert Kaplan argued that environmental stresses would invariably lead to violence. ¹¹⁹ Clearly, northeastern B.C. cannot be compared to the West African slums studied by Kaplan. However, the basic concept of environmental problems causing unrest exists in both West Africa and western Canada. If residents of northeastern B.C. come to view their homeland as a "dumping ground" for the economic betterment of urbanites in other regions, they have the potential for angry reactions. ¹²⁰

In contrast to the idea that environmental grievances will invariably lead to strife, Thomas Homer-Dixon's case studies for his book *Environment, Scarcity and Violence* indicate that there is nothing inevitable about conflict developing from environmental stresses. ¹²¹ The B.C. attacks, motivated largely by environmental grievances, if the bomber's letters are to be believed, seem to fall within Homer-Dixon's framework. Gas extraction proceeded for decades without attacks; there is not a linear cause and effect

¹¹⁶ Friedrich Steinhäusler, P. Furthner, W. Heidegger, S. Rydell, and L. Zaitseva, "Security Risks to the Oil and Gas Industry: Terrorist Capabilities," *Strategic Insights*, 7:1 (February 2008): 1.

¹¹⁷ Steinhäusler et al., Security Risks, 1.

¹¹⁸ Canwest "B.C. pipeline bombings may not be eco-terrorism: Expert," *Vancouver Sun* November 3, 2008.

¹¹⁹ Robert Kaplan, "The coming Anarchy," *The Atlantic Monthly*, February 1994.

¹²⁰ Roger Epp, Dave Whitson, Writing Off the Rural West: Globalization, Governments and the Transformation of Rural Communities (Edmonton: University of Alberta Press, 2001), xv.

¹²¹ Thomas Homer-Dixon, *Environment, Scarcity and Violence* (Princeton: Princeton University Press, 2001).

sequence linking gas extraction and the aforementioned localized environmental grievances to sabotage or violence. Rather, the particular nature of regulations and the exponential increase in extraction activities without corresponding environmental oversight provides the political backdrop for conflict. Instead of being intractable conflicts based on inevitable actions from environmental stresses, as Kaplan's world-view might suggest, conflicts between oil companies and other land users in northeastern B.C. are rooted in local policy and legislation, coupled with global economic changes, making local extraction more profitable.

Specific local legislation

Provincial control over natural resources for Canadian provinces outside of the prairies was instituted by section 92 of the British North America Act of 1867. ¹²⁴ This control included the rights for provinces to "the management and sale of the public lands belonging to the province" (s. 92(5)), "property and civil rights in the province" (s. 92(13)), "local works and undertakings" (s. 92(10)), and "generally all matters of a merely local or private nature in the province" (s. 92(16)). ¹²⁵ B.C. joined Confederation in 1871 and became part of this provincial regulatory regime with the signing of the 1872 Dominion Lands Act. ¹²⁶ Manitoba, Saskatchewan and Alberta did not gain provincial

¹²² Tim Howard et al., *This Land is Their Land: An Audit of Regulation of the Oil and Gas Industry in B.C.* (Vancouver: Sierra Legal Defense, 2005).

¹²³ Robert Paehlke, "Environmentalism in One Country: Canadian Environmental Policy in the Era of Globalization" *Policy Studies Journal* 28:1 (February 2000): 165.

¹²⁴ Gareth Stevenson, "Political Constraints and the Province Building Objective," *Canadian Public Policy/Analyse de Politiques* (February 1980): 265.

¹²⁵ Cheryl Sharvit et al. *Beneath the Surface: Aboriginal Rights and Mining Law in British Columbia* (Semiahmoo Reserve, Surrey B.C: Environmental-Aboriginal Guardianship through Law and Education, 2001).

¹²⁶ David Breen, *Alberta's Petroleum Industry and the Conservation Board* (Edmonton: University of Alberta Press, 1993): 10-22.

control over resources until 1930, with the signing of the Natural Resources Transfer Acts. The frameworks governing petroleum exploitation in Canada in general and B.C. in particular draw on a variety of legal trends including: property law, contracts and torts, along with administrative and constitutional arrangements dealing with government taxation and general regulatory requirements. 127

The power of provinces to manage petroleum revenues and regulations in Canada differs from other western powers, particularly Australia and the United States, where these responsibilities are vested with federal authorities. 128 The provincialization of regulation has created a 'race to the bottom' between western energy producing provinces; B.C. consistently attempts to offer petroleum companies a more 'business friendly' regulatory environment than neighbouring Alberta, creating downward pressure on royalties and environmental management. While the 1867 BNA delineates powers for resource taxation and some forms of regulation, the act is less clear about who is responsible for environmental protection. According to one judge the 1867 Act "has not assigned the matter of "environment" sui generis to either the provinces or Parliament." 129

While provinces have control over resource extraction, the federal government is responsible for foreign policy. And, in 1994, the federal government entered into the North American Free Trade Agreement (NAFTA), with the U.S. and Mexico, an agreement that fundamentally altered petroleum policy in B.C. Two clauses in particular,

¹²⁷ Alastair R. Lucas and Constance Hunt, *Oil and Gas Law in Canada* (Toronto: Carswell Press,

<sup>1990), 1.

128</sup> R.D. Cairns, "Natural Resources and Canadian Federalism: decentralization, recurring conflict

128 R.D. Cairns, "Natural Resources and Canadian Federalism: decentralization, recurring conflict

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¹²⁹ Shi-Ling Hsu and Robin Elliot, "Regulating Greenhouse Gases in Canada: Constitutional and Policy Dimensions" McGill Law Journal Revue de droit de McGill 54:463 (Autumn, 2009).

articles 315 and 605, affected the provincial government's ability to regulate extraction. Simply put, Article 315 states that Canada cannot decrease the amount of energy sent to the U.S. without reducing its own consumption. The same proportion of total supplies, based on an average from the past three years, must be made available to the U.S., regardless of domestic energy needs. Article 605 reinforces this so-called proportionality agreement. Mexico, another major energy exporter, did not sign up for these NAFTA clauses.

If governments, either federal or provincial, were to reserve some natural gas production for domestic demand or to build a domestic petro-chemical industry, Canada would still be obligated to export 51.5 per cent of its total natural gas supplies to the U.S., thus generating a shortfall for domestic consumption, according to calculations from John Dillon and Gordon Laxer based on 2004 baseline data for total national exports. ¹³³ In essence, the energy sections of NAFTA guarantee the U.S. access to Canadian energy, and make regulation of the sector conform to a market-based, export-orientated outlook.

NAFTA means that virtually all of B.C. gas exports are destined for the United States. In 1999, natural gas exports were valued at \$1,273 million. This represents a 400 per cent increase from 1990. And, as of 2004, some 57 per cent of B.C. natural gas

¹³⁰ Tony Clark, *Tar Sands Showdown: Canada and the new politics of oil in an age of climate change* (Toronto: James Lorimer & Company, 2008), 138.

¹³¹ Clark, Tar Sands Showdown, 116.

¹³² Clark, Tar Sands Showdown. 112.

¹³³ Gordon Laxer and John Dillon, *Over a Barrel: Exiting from NAFTA's Proportionality Clause* (Ottawa: Canadian Centre for Policy Alternatives and the Parkland Institute, June 2008), 31-32.

Based," 4. Accessed September 4, 2010. http://www.bcstats.gov.bc.ca/pubs/exp/exp0011.pdf

¹³⁵ Annual Drilling and Production Statistics in BC, 1966-2002," BC Ministry of Mines and Energy cited in "Oil and Gas in British Columbia: 10 Steps to Responsible Development." Accessed May 3, 2009.

http://wcel.org/sites/default/files/publications/Oil%20and%20Gas%20in%20British%20Columbia%20-%2010%20Steps%20to%20Responsible%20Development%20%2816-page%20report%29.pdf

was exported with virtually all of this production going to the U.S. Americans, in fact, consumes more Canadian natural gas than Canadians. The near insatiable appetite of American consumers for natural gas coupled with the proportionality clauses of NAFTA means new areas in B.C. must continually be opened to extraction in order to keep boosting production. While NAFTA curtailed federal regulatory abilities in 1994, the B.C. government announced an overhaul of petroleum regulations in 1998 with the creation of new legislation.

The Oil and Gas Commission (OGC) Act was initiated by the B.C. New

Democratic Party and the Canadian Association of Petroleum Producers. Prior to this legislation, extraction in B.C. was governed by a range of bureaucracies including: the Ministry of Energy and Mines, the Ministry of Environment, Lands and Parks (now the Ministry of Water Land and Air Protection, or WLAP) and the Ministry of Forests. The OGC Act transferred the power of approvals for pipelines, surface tenure and gas wells to the Oil and Gas Commissioner, powers previously held by aforementioned ministries.

The provisions of the OGC Act were first established by a Memorandum of Understanding between the provincial government, then controlled by Premier Glen Clark and the New Democratic Party (NDP) and the Canadian Association of Petroleum Producers (CAPP), signed in February 1998 aimed at making B.C., "one of the most

¹³⁶ Boyd, Unnatural Law: Rethinking Canadian Environmental Law and Policy, 252.

¹³⁷ Vancouver Sun Editorial Board, "Watch dogs over the oil and gas industry need more clout" *Vancouver Sun*, May 16, 2005, A10.

¹³⁸ Ministry of Employment and Investment, "British Columbia oil and gas handbook," 1997. See also Howard, *This land is their land*, 11.

¹³⁹ Murray Rankin, et al. "Regulatory Reform in the British Columbia petroleum Industry: The Oil and Gas Commission," *The Alberta Law Review* 38:144 (2000-2001), 152.

attractive places in North American for oil and gas investment." The reason for the new Oil and Gas Commission (OGC) was to create a "single window" regulator, which could grant approvals for new projects. 141 This design was fundamentally linked with petro-politics or 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."142

Then Minister of Mines and Energy Dan Miller signed The Oil and Gas Commission Act into law on 21 July 1998. Part of creating a formal single window regulator was that "both government and industry wanted to avoid...procedural trappings such as oral hearings and legal representation." ¹⁴³ 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 between gas companies and surface holders, 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 (MAB) 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

¹⁴⁰ Rankin, et al, "Regulatory Reform," 146.

¹⁴¹ Rankin, et al, "Regulatory Reform," 146.
142 Rankin, et al, "Regulatory Reform," 145.

¹⁴³ Rankin, et al, "Regulatory Reform," 147.

companies when negotiations with landowners fail; it can also impose settlements on opposing parties.¹⁴⁴ 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."¹⁴⁵ In northeastern B.C., some 95 per cent of gas wells are drilled on crown land, with just five percent on private land, although the latter number will likely rise as industry searches for new frontiers. ¹⁴⁶ 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 authorities signed a memorandum of understanding on 10 March 2008, both agencies admitted that farmers and other landowners had 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.

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 the take their issues seriously."

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¹⁴⁴ Ministry of Mines and Energy, "Q & A Companion Document, Standard Surface Lease Agreement," p 1. Accessed October 1, 2010, http://www.empr.gov.bc.ca/MACR/communities/Neemac/Documents/BC%20Standard%20Surface%20Lease%20Agreement%20-%20web%20version.pdf

¹⁴⁵ Ministry of Mines and Energy, "Q & A Companion Document, Standard Surface Lease Agreement," 1.

¹⁴⁶ Greg Amos, "Lekstrom announces oil and gas initiatives; Aim is to reduce conflict between land owners and oil and gas industry," *Dawson Creek Daily News*, March 20, 2009, A1.

¹⁴⁷ Press release, "Oil and Gas Commission and Mediation and Arbitration Board Sign Coordination Agreement," March 10, 2008.

¹⁴⁸ Andrew Bergland, "Land Disputes Tossed Around," *Dawson Creek Daily News* September 25, 2009, A1.

Under the NDP's tenure (1991-2001), the OGC was described "neutral" by one environmental watchdog. 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. The year 2002 was arguably the most important single period for assessing when regulatory bodies in B.C. became captive to the interests of industry.

The OGC and the B.C. Liberals

Immediately after taking power in June 2001, the Campbell government amended the Oil and Gas Commission Act as part of a far reaching energy strategy placing the OGC Commission under the direct control of the Minister of Mines and Energy, the same body tasked with expanding the gas industry. This move eliminated notions of the OGC as a neutral regulator. During their 2002 drive to expand gas extraction, 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. 152

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 stated that compliance with regulations is "the responsibility of the oil and gas industry... This can

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¹⁴⁹ Westcoast Environmental Law Association, *Cutting Up the Safety Net: Environmental Deregulation in British Columbia* (Vancouver: Westcoast Environmental Law Association, 2005), 25.

¹⁵⁰ Westcoast Environmental Law Association, Cutting up the safety net, 24.

¹⁵¹ Howard, *This land is their land*, 5.

¹⁵² David Richard Boyd, *Unnatural Law: Rethinking Canadian Environmental Law and Policy* (Vancouver: UBC Press, 2003), 157; also see Stuart Hertzog, "Oil and Water Don't Mix," (David Suzuki Foundation, March 2003), 64. Accessed on October 1, 2009. http://www.davidsuzuki.org/publications/downloads/2003/Oilandwaterdontmix.pdf

be achieved through the implementation of self-imposed guidelines."¹⁵³ Allowing industry to "self-impose" is not an effective way to enforce environmental laws. The *Vancouver Sun* obtained statistics from the commission indicating that when inspectors checked gas operations the vast majority were breaking the law. From 3,305 field inspections performed in 2004, 64 per cent were non-compliant -- resulting in a total of 5,734 infractions -- compared with just 36 per cent of gas operations that extracted according to the rules.¹⁵⁴ The total number of operations found non-compliant in 2004 increased 14 per cent from 1,862 operations in 2003, and the number of violations jumped 26 per cent from 4,535.¹⁵⁵

At the height of the anti-EnCana sabotage campaign, the situation with compliance had not improved in many respects. In an 11 February 2010 report, B.C.'s auditor general found the Oil and Gas Commission was not making significant progress in cleaning up contaminated sites. ¹⁵⁶ "I had expected more progress because this is not our first audit dealing with contaminated sites in British Columbia," said the auditor general, referring to a 2002/03 report on provincial contaminated sites. ¹⁵⁷ "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," the auditor general said. Among the report's findings, companies are not

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^{153 &}quot;Oil and Gas Commission Annual Report, 2002/2003," 18. Accessed on October 4, 2009. http://www.ogc.gov.bc.ca/documents/annualreports/0203annualreport.pdf

Larry Plynn, "Oil, gas industry violating rules: audit," *The Vancouver Sun* May 12, 2005, A1.

¹⁵⁵ Plynn, "Oil, gas industry violating rules: audit."

¹⁵⁶ Office of the Auditor General of British Columbia, "News Release: Improved oversight needed to manage contamination risk at B.C. oil and gas sites," Feb 11, 2010. Accessed on February 16, 2010, http://www.bcauditor.com/pubs/2010/report8/oil-and-gas-site-contamination-risks-improved-oversight-n
157 Auditor General, "News Release: Improved oversight needed."

doing enough to restore exhausted drilling sites, placing undue pressure on the province's orphan well fund. 158 The OGC downplayed the auditor general's concerns. 159

In addition to breaking existing OGC rules and regulations, farmers and other land users in northeastern B.C. say the existing laws themselves favour the gas industry at their expense. And legislation does not govern important quality of life issues related to extraction. "We counted eight two trucks pass the house one day before noon," says Woody Ewert, an organic farmer living in Tomslake. 160 "The amount of dust that traffic generates on our gravel road is incredible. Our lawn would look like we were in a fog bank, but it was just dust." Neither the OGC nor the MAB regulate these kinds of nuisance issues.

Gas development has changed everything about daily life in northeastern B.C., including "our hunting, trapping, berry picking - even just going camping," according to Cliff Calliou, traditional Chief of the Kelly Lake First Nation, an indigenous community of some 500 residents, thirty minutes from the bombed sites. 161 While these sorts of grievances may seem like minor inconveniences compared to government revenue and economic growth generated by the industry, people who have lived in the area for generations, people who have a long term stake in the region rather than the gas workers who often come to work and then leave, say they were never asked if they wanted the changes. A report from Northern Health concurs that "There is a perception that

Auditor General, "News Release: Improved oversight needed," 6.Andrew Bergland, "Improve oversight: report; Auditor General says OGC needs to make improvements," Dawson Creek Daily News, February 16, 2010, A1.

¹⁶⁰ Arsenault, "B.C. Pipeline Bombings."

¹⁶¹ Arsenault, "Pipeline Sabotage Blows Image of Stable Canada."

consultations regarding oil and gas development initiatives have been insufficient to date in B.C." 162

Mediation and Arbitration Board

When Cheryl Vickers became chair of the Mediation and Arbitration Board in 2007, she admitted that the board was "a mess" and had "no credibility." Most bureaucrats speak a risk-averse language to avoid political and legal issues, so this frank admission of dysfunction in the organization for which Vickers was responsible is particularly credible. 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. 164

Gas companies continue to use 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." When Vickers met with fifty landowners at Northern Lights College in Dawson Creek in November 2007 she expected "to hear a lot of dissatisfaction." She did indeed get an earful at the meeting and in an interview with a local newspaper assured them that their grievances against the gas industry "really [do] concern me."

¹⁶² Meed, Population Health and Oil and Gas Activities, viii.

¹⁶³ McMartin, "First Came the Energy Boom, Now the Bombs."

¹⁶⁴ Hardy Friedrich, "Former member slams mediation board" *Alaska Highway News*, December 14, 2006, A1.

¹⁶⁵ McMartin, "First came the energy boom."

¹⁶⁶ Ken Gousseau, "Resolution process for oil and gas will improve says chair," *Dawson Creek Daily News*, November 26, 2007. A3.

A newspaper reporter asked Ms. Vickers about moving the MAB outside the jurisdiction of the Department of Mines and Energy, the organization responsible for attracting resource investment to the province. "There's this perennial debate about whether that's appropriate or whether they should all be housed under the Ministry of the Attorney General" Vickers replied. Regulatory reform advocates believe the Attorney General's office would be a more appropriate location for the board. To understand how MAB rulings work in practice, the experiences 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 twenty minutes from sabotaged sites who also works part time in the gas industry. 168 "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 government's unwillingness to properly regulate the industry on his present standoff with the company who wants to install a sour gas line through one of his canola fields. In B.C., land agents, the people that represent gas companies in negotiations with farmers, do not have to be licensed, unlike neighboring Alberta. 169 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 B.C. ¹⁷⁰ In the past, Vause had always negotiated deals with gas companies, but recent negotiations, especially since the gas boom began after 2001 leading to increased government dependence on petroleum revenue, have been far worse. He called the MAB a "kangaroo court."

¹⁶⁷ Gousseau, "Resolution process for oil and gas."

¹⁶⁸Arsenault, "It's like the Wild West Out Here."

¹⁶⁹ Hardy Friedrich, "Province might license land agents," Alaska Highways News, December 21, 2006, sec. A1.

170 Arsenault, "It's like the Wild West Out Here."

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 a problematic regulatory regime 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. 171

The Vauses received \$19 000 dollars from Spectra Energy as compensation for the land disturbance, which didn't even cover half of their legal bills. In Alberta, companies have to pay the legal bills during disputes with landowners. This is not the case in B.C., leading Vause to assert that the rules are unfair. 172 Companies in B.C. can use what legal experts colloquially call "scorched earth" marshalling superior financial resources to bankrupt your opponent, forcing them to concede defeat. 173

Vulnerabilities: EnCana and the search for stability

Due, in part, to regulatory changes, frustrations in northeastern B.C. were rising when the twenty-first century began. During this period, EnCana began moving away from foreign oil fields, to focus its efforts closer to home in Canada. After popular opposition helped push the company out of Ecuador, its biggest overseas market, the firm

¹⁷¹ Arsenault, "B.C. Pipeline Bombings."

¹⁷² McMartin, "First Came the Energy Boom."

¹⁷³ Ella Jane P. Davis, "Thoughts on the Emperor Complex, the Scotched Earth Policy, and Lawyer Professionalism," The Florida Bar Journal 23:2 (1999): 31.

was looking to Canadian political stability to buttress its business. ¹⁷⁴ While the company struggled with instability in Ecuador by moving home, local residents in B.C. saw their situation become more unstable, due to the aforementioned environmental problems from drilling. These converging vulnerabilities heightened tensions, with EnCana and the government painting opponents of petroleum development as eco-terrorists while worried residents accused EnCana of poisoning their land.

When the Alberta Energy Company merged with PanCanadian to create EnCana in 2002, the same year the B.C. Liberal government made legislative changes to promote extraction, the geography of global petroleum exploitation was in the midst of a major shift. Prices collapsed in 1986, and low prices carried through the 1990s. The Low prices meant that the ratio of profits to investments were lower in the oil patch, making state run investment less appealing to many governments. This economic reality was buttressed by changes in the intellectual climate. The fall of the Soviet block meant that Francis Fukuyama's "end of history" theory gained popularity. Using a model of historical determinism pioneered by Marxists, Fukuyama argued that the core clashes between competing ideologies had finished: capitalism won and the future of humanity would be governed by this ideological victory. The end of the Cold War meant that "Washington Consensus" economic policies—stressing privatization, and market-orientated resource exploitation, gained credence in many resource patches around the world. The credence is many resource patches around the world.

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¹⁷⁴ Nadja Drost and Keith Stewart, "EnCana in Ecuador: The Canadian Oil Patch Goes to the Amazon" in *Community Rights and Corporate Responsibility: Canadian Mining and Oil Companies in Latin America* Eds Liisa North, Timothy David Clark and Viviana Patroni (Toronto: Between the Lines 2006), 113.

¹⁷⁵ Dieter Helm, "The New Energy Paradigm" in *The New Energy Paradigm*, ed. Dieter Helm (Oxford and New York: Oxford University Press, 2007), 9.

¹⁷⁶ Francis Fukuyama, *The End of History and the Last Man* (New York: Free Press, 1992).

¹⁷⁷ Robin Broad and John Cavanagh, "The Death of the Washington Consensus?" *World Policy Journal* 16:3 (1999): 80.

With low prices, governments were more likely to entrust resource exploitation to private companies. And, the trend towards privatization, as practiced by Washington Consensus economic advisers, was enforced by the collapse of Soviet socialism. Thus low prices and general trends in intellectual history created a perfect climate for primarily western oil companies to exploit resources in much of the world. Between 1985 and 1998 the non-OPEC's share of world oil production outside of the former Soviet Union rose from 36.7 per cent to 47.1 per cent (OPEC countries are particularly nationalistic in their control over petroleum). The mutually reinforcing paradigms of low prices and privatization began changing with the onset of the twenty-first century. National oil companies (NOCs) began exerting more dominance over the industry, especially in controlling oil and gas reserves.

In changing historical relationships, IOCs (international oil companies) mainly western multinationals, have struggled to access secure concessions. In this new context, where National Oil Companies dominated global reserves, EnCana tried to make its foray into risky, international markets. The 'end of history' period was finishing and the results of investing in insecure resources were not positive for the company. In 1999, the Alberta Energy Company spent one billion dollars to buy an oil operation in Ecuador from another Canadian company. Anger from environmentalists and indigenous groups about environmental destruction in the heart of the Amazon forced the company to maintain a small army of private security guards and to enclose its operations in barbed wire. The Ecuadorian government, suffering from external debt and the rise of powerful

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¹⁷⁸ BP (British Petroleum), Statistical Review of World Energy (BP, London 2006).

¹⁷⁹ Claudia Cattaneo, "Navigating an oil rich jungle: The Tarapoa oil concession deep in the Amazon holds incredible promise—and myriad obstacles," *Financial Post*, July 27, 2004, FP 1.

social movements, was characterized as a "theater of the absurd" by a *Financial Post* reporter who visited EnCana's operations in 2004.¹⁸⁰

In September 2005, after repeated blockades and other acts of unlawful opposition, EnCana sold its Ecuadorian interests to a Chinese state-led consortium after "violent demonstrations severely curtailed oil exports." While other countries were asserting national control over resource patches, the B.C. government was doing the exact opposite for a variety of reasons, including NAFTA and the 'open for business' mentality. Thus, the combined trends of growing resource nationalism and captive regulators in a politically stable environment made B.C. attractive for the company. After leaving Ecuador, EnCana decided to concentrate its efforts in the relative stability of the North American market. The bombings beginning in 2008 must have seemed a nasty $d\acute{e}j\grave{a}$ vu for company officials.

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 the 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

¹⁸⁰ Cattaneo, "Navigating an oil rich jungle."

¹⁸¹ "Americas: Canada: EnCana Sells Oil Assets in Ecuador," *New York Times*, September 14, 2005.

people in the Dawson Creek area," said EnCana spokesman Mike Graham. However, when recent history is scrutinized, these statements seem disingenuous. On 22 November 2009, an EnCana pipeline near Tomslake burst, releasing 30,000 cubic meters of toxic sour gas into the community. This is a very serious event, said Oil and Gas Commission spokesman Steve Simon. This shouldn't have happened. In its assessment of the November 22, 2009 leak, the OGC reported a resident first smelled gas at 2:30 a.m. The company's emergency shut-off valve had failed.

Yet the first call came into 911 a full six hours later at 8:36 a.m., after a resident drove through a cloud of poison gas. ¹⁸⁶ The community self-organized an evacuation with a flurry of phone calls. EnCana didn't inform residents about the danger until 10:16 a.m., several hours after the pipeline burst. The company did not stop the leak until 10:45 a.m. ¹⁸⁷ "Clearly, procedures were not followed," EnCana vice-president Mike McAllister told reporters at a Calgary press conference, where he issued an apology. ¹⁸⁸ No one was arrested or criminally charged as a result of the incident; in fact EnCana did not even have to pay a fine. ¹⁸⁹ "This leak probably released thousands of times more gas than what

Linda Nguyen, "EnCana offers B.C. pipeline bombing reward," *National Post*, January 13, 2009. Accessed on January 29, 2009, http://www.nationalpost.com/news/canada/story.html?id=1172106
 "B.C. Oil and Gas Commission, Failure Investigation Report: 22 November 2009 Failure of Piping at EnCana Swan Wellsite A5-7-77-14 L W6M." February 4, 2010, 5. Accessed on March 3, 2010, http://www.ogc.gov.bc.ca/documents/annualreports/OGC%20Investigation%20Report%2004.02.10.pdf

¹⁸⁴ Karen Kleiss, "EnCana apologizes after B.C. watchdog finds fault" *Edmonton Journal*, February 5, 2010. Accessed on March 3, 2010, http://www.edmontonjournal.com/entertainment/music/EnCana+failed+during+leak+watchdog/2522549/story.html

¹⁸⁵ OGC Failure Investigation Report, 8.

¹⁸⁶ OGC Failure Investigation Report, 7.

¹⁸⁷ OGC Failure Investigation Report, 11.

¹⁸⁸ Kleiss, "EnCana apologizes."

¹⁸⁹ Nick Kuhl, "November gas leak raises questions," *Daily Herald-Tribune*, February 6, 2010. Accessed on February 9, 2020,

has been released by the bombings," said Tim Ewert, one of the dozens of people who had to self evacuate. 190

If safety was the over-riding concern, EnCana would have had to do more than issue an apology. And while the OGC regulator did issue a thorough report and strong statements on the leak, there was no concrete action. This incident, and the responses to it, provides clear evidence that public safety is not the 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 B.C. government.

Sabotage in B.C. is not inevitable. Nor is it simply the cause of a crazy individual; the anger at how gas is being extracted runs deep. If property relations, the desire of independent farmers to control their own without any disturbances, were the root cause of sabotage, then there is little that could be done to reconcile the situation. However, if regulators are the main reason for anger in northeastern B.C., then the situation can be improved. The conditions that led to sabotage were created by a mix of lax regulations and a lack of alternative resource patches where multinational investment would be accepted. This paper has traced the historical development of how these problems came to exist. International relations theorists have long predicted that the desires of nations, groups and individuals to exploit resources would lead to conflict. But few expected those conflicts would happen within economically developed, politically liberal, western nation states. Those conflicts are now reality in one of the world's richest countries. We ignore them, and their root causes, at our collective peril.

¹⁹⁰ Arsenault, "Hunt for Oil Patch Bomber takes New Twist."

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